

## SETTLEMENT AGREEMENT

This Settlement Agreement ("Agreement") is made by and between the Los Angeles County Waterworks District No. 40, Antelope Valley, ("WWD"), on the one side, and SCC Acquisition, LLC ("SCC") and Palmdale Hills Property, LLC ("Palmdale") and, together with SCC, collectively "SunCal"), on the other side (collectively, the "Parties"), effective as of August 15, 2006 (the "Effective Date").

### I.

#### RECITALS

A. In 1992, the Los Angeles County Waterworks District No. 34, Desert View Highlands ("WWD34") and Ritter Park Associates entered into Water System Agreement No. 66407, a copy of which is attached hereto as Exhibit 1 (the "1992 Water System Agreement"), concerning water service to be provided to a residential project (the "Ritter Project") under the land-use approval jurisdiction of the City of Palmdale for development on the real property described in Exhibit B to the 1992 Water System Agreement (the "Ritter Property").

B. In conjunction with the 1992 Water System Agreement, WWD34 also adopted a Mitigated Negative Declaration (the "1992 MND") finding that given certain mitigation measures, there was no significant environmental impact relating to the 1992 Water System Agreement.

C. The Palmdale Water District ("PWD") and others then filed a suit to challenge the 1992 MND under LASC Case No. MS 000606 (the "PWD Suit") naming as parties WWD34, the County of Los Angeles, Public Works Department of the County of Los Angeles [*sic*], T.A. Tidemanson, Ritter Park Associates. In settlement of the PWD Suit, the parties entered into that certain 1993 *Settlement Agreement and Mutual Release* (the "PWD Settlement").

D. On or about October 18, 1998, Ritter Ranch Development, LLC (the "Debtor") filed a voluntary petition under chapter 11 of the United States Bankruptcy Code, commencing a bankruptcy case entitled *In Re Ritter Ranch Development, L.L.C.*, United States Bankruptcy Court for the Central District Court of California, Case No.98-25043 GM (the "Bankruptcy Case"), which action involved, among other things, the Ritter Property and the 1992 Water System Agreement.

E. In or about July 16, 2004, WWD filed with the Bankruptcy Court in the Bankruptcy Case that certain *Limited Opposition of Los Angeles County Waterworks District No. 40, Antelope Valley, as Successor In Interest to Los Angeles County Waterworks District No. 34, Desert View Highlands, to Trustee's Motion to (A) Approve Ritter Ranch Purchase and Sale Agreement and Escrow Instructions Between the Estate*

of Ritter Ranch Development LLC or the Highest Bidder at Auction and (B) Authorize (1) Sale of Substantially All Assets of the Estate of Ritter Ranch Development, LLC and (2) Assumption and Assignment of Certain Executory Contracts objecting to the assumption and assignment of the 1992 Water System Agreement or its inclusion as an asset of the Debtor.

F. Subsequent to the filing of the Bankruptcy Case, in or about September 2004, SCC purchased the Ritter Property from the Trustee in the Bankruptcy Case and thereafter nominated Palmdale to take title to said property.

G. On or about June 24, 2005, WWD filed that certain Complaint for Declaratory Relief and Rescission entitled *Los Angeles County Waterworks District No. 40, Antelope Valley, as Successor In Interest to Los Angeles County Waterworks District No. 34, Desert View Highlands, Plaintiff v. Robbin Itkin, solely in her capacity as Chapter 11 Trustee for the Estate of Ritter Ranch Development, LLC and DOES 1 through 10, Inclusive, Defendants, and SCC Acquisitions LLC SunCal Companies and Palmdale Hills Property, LLC, Real Parties In Interest*, United States Bankruptcy Court for the Central District of California, Adversary Proceeding No. SV 05-01396 (the "Litigation"), which action sought, among other things, a determination as to the status of the 1992 Water System Agreement and whether said agreement was assumable and assignable by the Trustee to SCC in the Bankruptcy Case.

H. While the Litigation was pending, SunCal requested water service for the Ritter Project from a private utility, California Water Service Company ("Cal Water"). Cal Water, in turn, filed that certain *California Water Service Company's Advice Letter 1744* ("Advice Letter") with the California Public Utilities Commission ("CPUC") seeking permission for Cal Water to provide water service to the Ritter Project.

I. In response to the Advice Letter, the District filed an objection ("District's CPUC Objection") with the CPUC to Cal Water serving the Ritter Project without Cal Water filing a full Application to serve the Ritter Project that would have allegedly included additional public hearings, additional steps to comply with the California Environmental Quality Act (Cal. Public Resources Code §§ 21000 *et. seq.*) ("CEQA"), and additional evidence of an adequate water source for the Ritter Project.

J. The parties held a hearing in front of an administrative law judge ("ALJ") employed by the CPUC regarding the District's CPUC Objection. As a result, the ALJ and the CPUC's Water Division are currently recommending the CPUC require an Application rather than the Advice Letter for Cal Water to serve water to the Ritter Project.

K. Subsequently, SunCal and Cal Water filed those certain petitions ("Petitions") of California Water Service Company and Palmdale Hills Property, LLC, for Commission Review of the Water Division's Rejection of California Water Service Company's Advice Letter 1744, scheduled to be considered by the CPUC on August 24, 2006 (collectively, the Advice Letter and the Petitions, the "CPUC Proceedings").

L. The Parties seek to settle their disputes on the terms and conditions contained in this Agreement.

## **II.**

### **TERMS OF THE AGREEMENT**

Therefore, in consideration of the recitals, terms and conditions in this Agreement, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged by all Parties, the Parties agree as follows:

1. WWD and Palmdale immediately shall execute the amended and restated version of the 1992 Water System Agreement attached hereto as Exhibit 2 (the "Amended Water System Agreement").

2. Within five (5) business days of the execution of this Agreement, the Parties shall enter into a stipulation for the entry of an order ("Order") in the Bankruptcy Case in the form attached hereto as Exhibit 3.

3. Within five (5) business days of the Parties' receipt of notice that the Court has entered the Order, the Parties shall stipulate to the dismissal with prejudice of the Litigation.

4. Within five (5) business days of the Parties' receipt of notice that the Court has entered the Order, SunCal shall withdraw or dismiss, or cause to be withdrawn or dismissed the CPUC Proceedings.

5. Within five (5) business days of the Parties' receipt of notice that the Court has entered the Order, SunCal shall deliver to WWD, in care of the Office of the Los Angeles County Counsel, attn: Principal Deputy County Counsel, Frederick Pfaeffle, a check in the sum of five hundred thousand dollars (\$500,000) made to the order of WWD as reimbursement of WWD's attorneys' fees incurred in the Bankruptcy Case and the CPUC Proceedings. WWD represents and warrants that it has incurred at least \$500,000 in legal fees to its outside counsel in connection with the proceedings referenced in the preceding sentence. SunCal shall not have the right to dispute any portion of the attorneys' fees paid by the WWD to its outside counsel.

6. WWD and SunCal shall work together to use best efforts to immediately secure a release from the PWD in favor of WWD and the County of Los Angeles ("County") in relation to any potential claims that may arise against the WWD or the County in connection with the PWD Settlement.

A. Notwithstanding the success or failure of the parties to obtain the above release from PWD, if a claim or suit is filed against WWD or the County pursuant to or under the PWD Settlement (a "PWD Claim"), Palmdale (the "Indemnitor") shall reimburse WWD and the County their reasonable attorneys', experts' and consultants' fees and costs incurred in connection with any PWD Claim, including fees and costs incurred by outside legal counsel, and including in connection with any appeals relating thereto.

B. Palmdale and SCC, each hereby represents and warrants that Palmdale is the sole owner, holding title in fee, to the Ritter Property.

C. WWD shall provide the Indemnitor reasonable opportunity to provide input on strategy for defending any PWD Claim, including providing reasonable access to all pleadings and evidence filed and produced in any litigation of a PWD Claim. Notwithstanding the foregoing, the ultimate strategy relating to the resolution of any PWD Claim rests with the Los Angeles County Counsel or his designee, at his sole and absolute discretion, and the ultimate decisions relating to the resolution of the matter rest with the Los Angeles County Board of Supervisors in its sole and absolute discretion. If any litigation involving a PWD Claim results in a judgment against the WWD or the County, the Indemnitor shall indemnify WWD or the County against any liabilities arising from such a judgment for fifty percent (50%) of said liability.

D. If WWD or the County seeks to settle a PWD Claim, then said proposed settlement shall be submitted to the Indemnitor for approval at least thirty (30) calendar days prior to WWD or the County taking final action that binds itself to said settlement. Indemnitor's approval of such a proposed settlement shall not be unreasonably withheld. If Indemnitor approves such a settlement, then Indemnitor shall be responsible for the payment of fifty percent (50%) of any amounts thereunder. Notwithstanding the foregoing, WWD and the County are hereby released and under no circumstance shall be held responsible in any manner to SCC, Palmdale or SunCal in connection with any PWD Claim, either pursuant to this Agreement, under any equitable theory of liability, or otherwise.

7. The parties acknowledge as a precondition to this settlement for the Los Angeles County Board of Supervisors, as the governing board for WWD (the "Board of Supervisors"), must taken into consideration the adoption under CEQA of the an *Addendum for the 2006 Amended and Restated Water System Agreement Between Los Angeles County Waterworks District No. 40, Antelope Valley, And Palmdale Hills Property, LLC, For Water Service To Ritter Ranch*, as an addendum to the 1992 MND,



attached hereto as Exhibit 4 (the "Addendum").

A. Within five (5) business days of the Parties' receipt of notice that the Court has entered the Order, SunCal shall deliver to WWD, in care of the Office of the Los Angeles County Counsel, attn: Principal Deputy County Counsel, Frederick Pfaeffle, a check in the sum of \$30,000 made to the order of WWD as reimbursement of fees charged by WWD's outside CEQA attorneys for services rendered in connection with work relating to the Addendum.

B. The Indemnitor shall defend, indemnify, and hold harmless WWD and the County and reimburse WWD and the County for reasonable outside attorneys', experts' and consultants' fees and costs, in connection with any claims or actions that may be filed against WWD or the County relating to or arising from (i) the adoption of the Addendum, (ii) WWD's execution of this Agreement or the Amended Water System Agreement, or (iii) WWD's approvals for construction of the Water System, including actions filed under CEQA, California Water Code Sections 10910 et. seq., or California Government Code Sections 66437.7, et. seq., and including any and all final judgments, settlements, fines, costs, expenses, and attorneys' experts' and consultants' fees and/or litigation costs incurred by third parties payable as a result of prevailing in any foregoing action (any claim or action relating to the foregoing items (i), (ii), and (iii) are individually or collectively referred to as a "CEQA Claim").

C. WWD shall provide Indemnitor reasonable opportunity to provide input on strategy for defending any CEQA Claim, including providing reasonable access to all pleadings and evidence filed and produced in any litigation of a CEQA Claim. Notwithstanding the foregoing, the ultimate strategy relating to a CEQA Claim rests with the Los Angeles County Counsel or his designee, at his sole and absolute discretion, and the decisions relating to the resolution of all CEQA Claims rest with the Los Angeles County Board of Supervisors, in its sole and absolute discretion.

D. If WWD or the County seeks to settle a CEQA Claim, in order to allow WWD or the County to seek indemnity from the Indemnitor in connection with said CEQA Claim, then said proposed settlement must be submitted to the Indemnitor for approval at least thirty (30) calendar days prior to WWD or the County taking any action that binds itself to said settlement. Indemnitor's approval of such a proposed settlement shall not be unreasonably withheld, except Indemnitor may disapprove, in its sole and absolute discretion, any settlement of a CEQA Claim that rescinds the Addendum or WWD's approval of the Amended Water System Agreement. Neither WWD or the County make any representation or warranty, including in this Agreement or in the Amended Water System Agreement, regarding compliance with CEQA or any other regulatory requirement concerning the actions or approvals made thereunder. If a final order is entered that invalidates WWD's approval of the 2006 Addendum and mandates rescission of WWD's approval of the Amended Water System Agreement (the "CEQA Order"), then if SunCal is in full compliance with this

Agreement and the Amended Water System Agreement, WWD shall prepare in a reasonably timely fashion for consideration by the Board of Supervisors the environmental document(s) that may be required under the CEQA Order or, if the CEQA Order does not specify a required document, the document(s) that the Board of Supervisors determines to be necessary in order for WWD to act on the re-approval of the Amended Water System Agreement if the environmental document(s) is/are approved. The Indemnitor shall cooperate with the WWD and reimburse WWD for its actual consultants' and attorneys' fees and costs incurred in preparing the additional CEQA document(s) and complying with the CEQA Order. Neither the filing of a CEQA Claim or any CEQA Order shall be deemed as grounds for invalidating this settlement or for SunCal to be allowed to assert any rights relating to any Released Claim (as defined below), including under the 1992 Water System Agreement.

8. If at a date subsequent to the execution of the Amended Water System Agreement, WWD fails to provide water service to the Ritter Project, regardless of the cause of that failure of service, if SunCal is in full compliance under this Agreement and the Amended Water System Agreement, including for payment of all water reliability charges due and payable, SunCal shall have the right to apply for water service from another water purveyor without WWD or its governing board making, filing, asserting, or advancing an objection to such application before the California Public Utilities Commission, any municipality seeking to provide such water service to the Ritter Project, or any regulatory agency. Notwithstanding the foregoing, (a) the WWD shall not be prevented from discharging any legal obligation or mandatory duty, to satisfy its role as responsible agency under CEQA, to provide information or facts to any agency or third party regarding the status of water supplies or water infrastructure relating to the Ritter Project or generally in the Antelope Valley, or any portions thereof, including from imported water sources or from the groundwater aquifer, provided, however, that the WWD shall, if SunCal is in full compliance under this Agreement and the Amended Water System Agreement, including for payment of all water reliability charges due and payable, if requested by any city or other land use permitting agency seeking a water supply assessment ("Assessment") or a water verification ("Verification") under Cal. Water Code Sections 10910 et. seq. or Cal. Govt. Code Section 66437.7 et. seq., confirm that upon instituting adequate measures and based on current conditions there exist adequate water supplies to serve existing uses and the Ritter Project; and (b) the WWD shall not be prevented from expressing in any groundwater adjudication litigation or related action, including alternative dispute resolution related thereto, the need for any water purveyor to participate in any physical solution relating to water supplies in the Antelope Valley in the manner that the WWD may deem appropriate. Notwithstanding the foregoing, the District makes no representation regarding the legal adequacy of any Assessment or Verification.

9. Except for the obligations to be performed under this Agreement and the Amended Water System Agreement, SunCal, on the one side, and WWD, on the other

side, each fully, finally and forever releases and discharges one another, and each of their respective past and present parents, subsidiaries, affiliated companies, predecessor companies, successors in interest, officers, directors, employees, shareholders, agents, insurers, representatives, boards, supervisors, agencies and attorneys ("Affiliates"), from all claims, causes of action, demands, obligations, charges, damages, attorneys' fees, costs and liabilities of any nature whatsoever, known and unknown, anticipated and unanticipated, past, present, and future arising out of, or related to in any way to the 1992 Water System Agreement, the Litigation, any PWD Claim and/or the CPUC Proceedings (collectively, "Released Claims").

10. The Parties hereto acknowledge that they are familiar with Section 1542 of the California Civil Code, which provides as follows:

"A general release does not extend to claims which the creditor does not know or suspect to exist in his favor at the time of executing the release, which if known by him must have materially affected his settlement with the debtor."

If, and to the extent that, Section 1542 or similar law or statute may otherwise apply to this Agreement, the Parties do hereby waive and relinquish all rights and benefits that they have or may have under Section 1542 of the California Civil Code or under the law of any other state or jurisdiction to the same or similar effect as to the Released Claims.

11. The rights and obligations of SunCal under this Agreement shall be binding on, and inure to, all present and future owners and successors in interest of the Ritter Property, or any portion thereof. Notwithstanding the foregoing, the obligations of Palmdale as Indemnitor in this Agreement shall rest solely with Palmdale and shall not become assignable or expected of any other entity regardless of the sale of any fee or other property interest in any portion of the Ritter Property. Within five (5) business days of the Parties' receipt of notice that the Court has entered the Order, SunCal shall cause the Memorandum of Agreement in the form agreed to by the parties to be recorded against the Ritter Property in the public records with the Los Angeles County Recorder.

12. This Agreement shall be binding on and inure to the benefit of the Parties and their successors and assigns. Any assignment, transfer or disposition of this Agreement by a party must be pre-approved in writing by the other party and shall be only of the entirety of this Agreement, and any assignment, transfer or disposition of only a part or portion of this Agreement by any Party shall be invalid.

13. This Agreement and its attachments contain the entire agreement and understanding between the Parties concerning the subject matter of this Agreement and the attachments hereto and supersede and replace any and all prior or contemporaneous written or oral negotiations, communications, proposed agreements or agreements concerning that subject matter. There are no representations to induce consent to this Agreement other than those expressly contained in the Agreement and the attachments.

14. This Agreement is made and entered into in the State of California, and this Agreement shall in all respects be interpreted, enforced and governed under the laws of this State, without regard to principles of conflicts of law.

15. Each representative of the Parties affixing his or her signature below represents and warrants that he or she has the full legal authority to bind his or her respective Party to all of the terms, conditions and provisions of this Agreement, that his or her respective Party has the full legal right, power, capacity and authority to enter into this Agreement and perform all of the obligations herein, and that no other approvals or consents are necessary from his or her respective Party in connection therewith.

16. All notices sent pursuant to or in connection with this Agreement shall be in writing and shall be sent by overnight or certified mail and facsimile transmission to the following persons:

If to Palmdale or SCC:

Mr. Frank Faye  
Division President  
SunCal Companies  
Los Angeles/Ventura Division  
21900 Burbank Boulevard, Suite 114  
Woodland Hills, CA 91367

With a copy to:

Edward J. Casey, Esq.  
Weston Benshoof Rochefort Rubalcava & MacCuish LLP  
333 South Hope Street, 16th Floor  
Los Angeles, CA 90071

If To District or Indemnatee:

Los Angeles County  
Waterworks District No. 40, Antelope Valley  
P.O Box 1460  
Alhambra, California 91802-1460  
Attention: Manuel del Real  
Assistant Deputy Director

With a copy to:

Frederick W. Pfaeffle, Esq.  
Principal Deputy County Counsel  
County of Los Angeles  
Office of the County Counsel  
648 Kenneth Hahn Hall of Administration  
500 West Temple Street  
Los Angeles, CA 90012

Notices shall be deemed effective and served upon the deposit of the same with the U.S. mail service, or nationally recognized courier, properly addressed and with postage prepaid, as described in this Section II-(16).

17. By entering into this Agreement, no Party admits any liability for any claim by any other Party.

18. Prior to the filing of any litigation concerning a dispute arising under this Agreement, the Parties shall participate in non-binding mediation for a maximum period of time two (2) months from the time that one Party provides written notice to the other Party of such a dispute and its intent to invoke the dispute resolution procedures described in this paragraph. Such mediation shall take place before a mediator jointly selected by the Parties, and SunCal and WWD shall equally bear that mediator's fees and their own fees and costs. Notwithstanding the foregoing, SunCal acknowledges that the resolution of any dispute submitted for mediation must in all cases remain subject to approval on behalf of the WWD by the Board of Supervisors. If said mediation does not resolve the dispute within the time period described herein, then any Party may file litigation concerning said dispute.

19. Any uncertainty or ambiguity in this Agreement shall not be construed against any Party, and this Agreement shall be construed as though jointly prepared by all Parties.

20. Each Party conducted an independent investigation of the facts to the extent such Party deemed necessary and prudent prior to entering to this Agreement and relied solely on its own investigation and facts in entering into this Agreement. Each Party received independent legal advice in connection with such Party's decision to enter into this Agreement. Each Party has read and fully understood the entire Agreement prior to executing it.

21. Any modification or amendment to this Agreement shall be of no force and effect unless it is in writing and signed by all Parties remaining to the Agreement.

22. The only intended beneficiaries of this Agreement are the Parties, the Indemnitor and the County.

23. No waiver by any Party of any provision of this Agreement shall be effective unless in writing. Nor shall any waiver be deemed to be a waiver of any other provision hereof or any subsequent breach of any provision of this Agreement.

IN WITNESS WHEREOF, the Parties have agreed to the foregoing and hereby execute this Agreement.

ATTEST:

SACHI A. HAMAI  
Executive Officer of the  
Board of Supervisors  
of the County of Los Angeles

LOS ANGELES COUNTY  
WATERWORKS DISTRICT NO. 40,  
ANTELOPE VALLEY

By Mike Antonovich  
Mayor, Board of Supervisors of  
the County of Los Angeles as  
Governing body thereof

By Sepulveda Villalobos  
Deputy

APPROVED AS TO FORM:

RAYMOND G. FORTNER, JR.  
County Counsel

By Raymond G. Fortner, Jr.  
Deputy



PALMDALE HILLS PROPERTY, LLC  
A California Limited Liability Company

By Its Regional President  
Its Regional President

APPROVED AS TO FORM:  
WESTON BENSHOOF ROCHEFORT  
RUBALCAVA & MacCUISH LLP

By Edward J. Casey  
Edward J. Casey

**ADOPTED**  
BOARD OF SUPERVISORS  
COUNTY OF LOS ANGELES

CS-1 AUG 15 2006

Sachi A. Hamai  
SACHI A. HAMAI  
EXECUTIVE OFFICER

# EXHIBIT 1

WATER SYSTEM AGREEMENT  
BETWEEN  
LOS ANGELES COUNTY WATERWORKS  
DISTRICT NO. 34, DESERT VIEW HIGHLANDS  
AND  
RITTER PARK ASSOCIATES  
A CALIFORNIA LIMITED PARTNERSHIP  
FOR  
WATER SERVICE  
TO  
RITTER RANCH  
DATED  
MARCH \_\_\_\_, 1992

*Doc 8-23-9*







# COUNTY OF LOS ANGELES

## DEPARTMENT OF PUBLIC WORKS

900 SOUTH FREMONT AVENUE  
ALHAMBRA, CALIFORNIA 91803-1331  
Telephone: (818) 458-5100

THOMAS A. TIDEMANSON, Director

ADDRESS ALL CORRESPONDENCE TO  
P.O. BOX 1460  
ALHAMBRA, CALIFORNIA 91802-1460

March 19, 1992

✓ REPLY PLEASE  
REFER TO FILE W-0

Honorable Board of Supervisors  
County of Los Angeles  
383 Hall of Administration  
500 West Temple Street  
Los Angeles, California 90012

Dear Supervisors:

**WATER SYSTEM AGREEMENT BETWEEN LOS ANGELES COUNTY WATERWORKS  
DISTRICT NO. 34, DESERT VIEW HIGHLANDS AND RITTER PARK ASSOCIATES  
SUPERVISORIAL DISTRICT 5**

RECOMMENDATIONS:

That your Board, as the governing body of Los Angeles County Waterworks District No. 34, Desert View Highlands:

1. Approve the enclosed Negative Declaration for the project.
2. Find that this project will have no adverse effect on wildlife resources and authorize the Director of Public Works to complete and file a Certificate of Fee Exemption for the project.
3. Approve the Agreement with Ritter Park Associates which provides for the construction of wells, chlorination facilities, forebay, booster pumping stations, water transmission mains, and necessary appurtenances in the areas north and west of City of Palmdale.
4. Authorize the Director of Public Works to negotiate and approve any subsequent revisions to the time limits for any of the various phases of the project outlined in the Agreement.
5. Authorize and instruct the Chairman of the Board to sign the Agreement.

Honorable Board of Supervisors  
March 19, 1992  
Page 2

Ritter Park Associates will construct major water system improvements to meet the water demands of proposed developments in the area west of the City of Palmdale. Ritter Park Associates and a number of other developers have indicated an interest in developing homes, schools, and various commercial and industrial projects in the area west of the City of Palmdale. For the Waterworks District to be able to provide water service to these developments, these proposed water supply facilities are needed.

Ritter Park Associates has agreed to assume the lead role in constructing the major water system facilities per the Agreement is estimated to be \$13,615,000. The project will be funded by the developers and/or by public financing districts.

The Agreement calls for water facilities to be constructed to meet the water demands of future developments. Each proposed development in this project will be evaluated during the subdivision approval process and conditional will-serve letters will be issued upon determination by District of available water supply source.

Comments were received during the public review period on the Negative Declaration and all responses to comments are enclosed. All pertinent points have been addressed. Since no significant effects or impacts will occur as a result of this project, no mitigation reporting program is necessary.

As of January 1, 1991, a fee must be paid to the State Department of Fish and Game when certain notices required by CEQA are filed with the County Clerk. The District is exempt from paying this fee when your Board finds that a project will have no impact on wildlife resources. The Negative Declaration (State Clearinghouse No. 90010892) concluded that the project will have no adverse effect on wildlife resources.

Honorable Board of Supervisors  
March 19, 1992  
Page 3

The Agreement has been reviewed and approved as to form by County Counsel. The Executive Officer-Clerk of the Board of Supervisors is requested to return one original and three (3) copies of the Agreement to the Department of Public Works, Waterworks and Sewer Maintenance Division, for filing purposes and transmittal to Ritter Park Associates.

Respectfully submitted,

*James A. Noyes*

T. A. TIDEMANSON  
Director of Public Works

GMP:dh  
5:BDL333.gmp

Enc.



THOMAS A. TIDEMANSON, Director

## COUNTY OF LOS ANGELES DEPARTMENT OF PUBLIC WORKS

900 SOUTH FREMONT AVENUE  
ALHAMBRA, CALIFORNIA 91803-1331  
Telephone: (818) 438-5100

ADDRESS ALL CORRESPONDENCE TO  
P.O. BOX 1460  
ALHAMBRA, CALIFORNIA 91802-1460

### EXECUTIVE SUMMARY (3 Votes)

IN REPLY PLEASE  
REFER TO FILE

W-0

Cooperative Agreement between Los Angeles County Waterworks District No. 34, Desert View Highlands and Ritter Park Associates for the construction of water system facilities to meet the water needs of projected development in the area west of the City of Palmdale.

#### Request:

Approve the Negative Declaration and sign the Agreement.

#### Fiscal Impact:

None. The total estimated cost of offsite water system facilities per this Agreement is \$13,615,000. The project will be funded by developers and/or public financing districts.

#### Issues:

Construction of these major supply facilities will provide water to this and other developments and enhance the District's ability to use State Water Project supply.

The project will have no adverse effect on wildlife resources.

The Agreement calls for water facilities to be constructed to meet the water demands of future developments. Each proposed development in this project will be evaluated during the subdivision approval process and conditional will-serve letters will be issued upon determination by District of available water supply source.

GMP:dh  
5:BDL333.gmp

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RITTER RANCH

WATER SYSTEM AGREEMENT

LOS ANGELES COUNTY WATERWORKS DISTRICT NO. 34,  
DESERT VIEW HIGHLANDS,  
WATER SYSTEM AGREEMENT WITH RITTER PARK ASSOCIATES

A. IDENTIFICATION

This AGREEMENT (hereinafter "AGREEMENT") is made by and between Ritter Park Associates, a California Limited Partnership (hereinafter "BUILDER") and Los Angeles County Waterworks DISTRICT No. 34, Desert View Highlands (hereinafter "DISTRICT"), a public water district formed pursuant to Division 16 of the State Water Code.

B. DEFINITIONS

Definitions of all relevant words and phrases are contained in Exhibit A attached.

C. RECITALS

- 1.0 DISTRICT's analysis has shown that existing water supply facilities and water mains cannot properly service the growing water needs of DISTRICT. As such, DISTRICT has determined that additional pumping capacity, water transmission mains, water storage, wells and necessary appurtenant facilities are needed for the further development of single-family residences, shopping centers, schools and other residential, commercial, or industrial developments in or adjacent to DISTRICT.
- 2.0 BUILDER has under option, intends to be the owner of, and is the developer of the property located west of the City of Palmdale in Los Angeles County, California, commonly referred to as "Ritter Ranch", as illustrated on Exhibit B attached, as described in the legal description set forth on Exhibit B-1 attached, and with the estimated number of Equivalent Dwelling Units (hereinafter "EDU") requiring water service illustrated on Exhibit B-2 attached.
- 3.0 DISTRICT enters into this Agreement pursuant to California Water Code, Division 16, and the Rules and Regulations implementing those statutes.

- 4.0 BUILDER desires to construct and improve the existing DISTRICT water system only to the extent provided on Exhibit C attached, by providing additional offsite wells, chlorination, forebay, pumping stations, water transmission mains, and necessary appurtenances (hereinafter "PROJECT") for DISTRICT to provide additional supplies of California Aqueduct water and well water to Ritter Ranch west of Palmdale and other lands within DISTRICT. PROJECT shall be built in phases (hereinafter "PROJECT PHASING" or "PROJECT PHASE") as set forth herein.
- 5.0 BUILDER and DISTRICT understand that other developers (hereinafter "PARTICIPANTS" collectively and "PARTICIPANT" individually) have expressed an interest in developing other real properties. Further, DISTRICT understands that certain elements of PROJECT will be oversized and are, therefore, beneficial to BUILDER's and PARTICIPANTS' properties (hereinafter "DEVELOPMENTS" collectively and "DEVELOPMENT" individually) with respect to water supply. BUILDER intends to seek, and DISTRICT will cooperate in securing, financial reimbursement from PARTICIPANTS to offset the total cost incurred by BUILDER for oversizing certain elements of PROJECT.
- 6.0 In accordance with PROJECT PHASING as described herein, BUILDER will deposit, into an escrow account, a reliable California financial institution, funds of \$1,000,000, at the option of BUILDER, for construction of PROJECT. BUILDER will acquire rights of way, order materials, and contract with a contractor to construct PROJECT as outlined on Exhibit C, attached, within existing public rights of way property to be acquired by DISTRICT, subject to approval of AGREEMENT by DISTRICT's Board of Directors and approval of plans and specifications by the Los Angeles County Director of Public Works or the Assistant Deputy Director in charge of DISTRICT or his designee.

D. AGREEMENT

NOW, THEREFORE, intending to be legally bound, the parties hereto do covenant and agree as follows:

1.0 PROJECT TO BE CONSTRUCTED, FUNDING OF PROJECT CONSTRUCTION, AND OPENING OF ESCROW ACCOUNT

1.1 Development

DEVELOPMENT to be served with water is set forth in a summary of the Specific Plan on Exhibit B-2 attached. If DEVELOPMENT, as approved, differs from the one set forth on Exhibit B-2,

AGREEMENT and PROJECT shall be modified accordingly by amendment between the parties.

#### 1.2 Project to be Constructed

Upon the latter of entitlement of DEVELOPMENT or approval and formation of any public financing district for DEVELOPMENT, and the expiration of the latter of all challenges to the entitlement or formation of any public financing district, BUILDER will construct PROJECT shown on Exhibit C and C-1 attached, pursuant to DISTRICT approved plans and specifications. There is no obligation to construct PROJECT if there is an injunction against it or DEVELOPMENT.

#### 1.3 Estimated Construction Cost

The Estimated Construction Cost (hereinafter "ECC") of PROJECT, as presently planned and including PARTICIPANTS reimbursable cost, is set forth on Exhibit C-2 attached.

The final PROJECT costs are to be determined from actual engineering, construction, land acquisition, rights-of-way acquisition, and other expenses and costs to BUILDER.

#### 1.4 AVEK Facilities

Offsite water facilities constructed for Antelope Valley-East Kern Water Agency (hereinafter "AVEK") are illustrated and described on Exhibits C-3 and C-4 attached. The ECC for the offsite facilities constructed for AVEK (hereinafter "AVEK FACILITIES") are set forth on Exhibit C-5 attached.

#### 1.5 Onsite Facilities

In addition to constructing PROJECT facilities, DISTRICT will require BUILDER to construct onsite water system facilities consisting of booster pumping stations, water mains, pressure reducing stations, water storage reservoirs and other facilities to provide a certain amount of equalizing, emergency, and fire storage for each phase of DEVELOPMENT illustrated and described on Exhibit C-6 and C-7 attached. The ECC for these onsite facilities are set forth on Exhibit C-8 attached. The specific volumes of water storage will be determined according to guidelines set by both DISTRICT and the Los Angeles County Fire Department.

### 1.6 Project Phasing

PROJECT PHASING and required deposits into the escrow account shall be as set forth on Exhibit C-9 attached. Phasing for AVEK FACILITIES is set forth on Exhibit C-10 attached. PROJECT PHASING is subject to the number of EDU's completed.

### 1.7 Reimbursable Cost

DISTRICT agrees that BUILDER is entitled to reimbursement for the cost of oversizing portions of PROJECT. DISTRICT will enter into a separate reimbursement agreement with BUILDER, prior to commencement of construction of PROJECT, pursuant to which DISTRICT will not provide temporary or permanent water service to any PARTICIPANT's DEVELOPMENT, and non-participant benefitting property, until such time as PARTICIPANT has contributed its proportionate share of the cost incurred by BUILDER in construction of this oversizing.

- (1) DISTRICT shall require reimbursement from PARTICIPANTS prior to providing temporary or permanent water service to any PARTICIPANT's DEVELOPMENT.
- (2) DISTRICT shall require PARTICIPANTS to install the same water conservation facilities and to follow the same practices as BUILDER, providing that such water conservation facilities and practices are in compliance with the rules and ordinances in effect at the time of PARTICIPANTS DEVELOPMENTS.
- (3) Under the current Rules and Regulations of DISTRICT, DISTRICT may not require reimbursement after 10 years from project completion. If reimbursement has not occurred to the full extent as of that date, DISTRICT will work in good faith to process extensions of the 10 year reimbursement period to permit BUILDER to secure additional reimbursement.
- (4) Potential PARTICIPANTS property and DEVELOPMENTS are shown on Exhibit D and D-1 attached.
- (5) BUILDER shall be entitled to receive, as part of its reimbursement, the actual cost expended, as provided for herein, plus the increase in the cost as represented by the Engineering News Record Construction Cost Index.

### 1.8 Service Area

The existing service area for DISTRICT and the area to be annexed to DISTRICT are shown on Exhibit E attached. The proposed service area for PROJECT is all the lands within DISTRICT, including those lands to be annexed to DISTRICT.

### 1.9 Rights-of-Way

Construction of PROJECT is to take place on or under public and privately owned property. BUILDER, with the approval of DISTRICT and on behalf of DISTRICT, shall purchase the necessary rights-of-way to construct and maintain PROJECT features. Upon a good faith effort by BUILDER to secure needed rights-of-way to construct PROJECT, DISTRICT will cooperate to the full extent of its statutory powers in securing said rights-of-way and allowing use of existing rights-of-ways owned or controlled by DISTRICT.

### 1.10 Use of Project Facilities

Nothing herein shall be construed as limiting usage of PROJECT only to DEVELOPMENTS.

### 1.11 Water Supply Charges

DISTRICT imposes four types of water supply charges on new construction in its service areas, as set forth on Exhibit F attached. DISTRICT shall credit to BUILDER the total non-reimbursable funds expended on PROJECT and shall credit to PARTICIPANT the reimbursement to BUILDER by PARTICIPANT for its respective Acreage Charges, Tank Capacity Unit Charges and Frontage Charges.

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- (1) In the event BUILDER's share of the cost of the design and construction of PROJECT is less than the Acreage Charges, Tank Capacity Unit Charges and Frontage Charges attributable to its DEVELOPMENT, DISTRICT reserves the right to bill BUILDER for the difference between its respective share of the cost of PROJECT and the total applicable Acreage Charges, Tank Capacity Unit Charges and Frontage Charges of DEVELOPMENT.
  - (2) Acreage Charges, Tank Capacity Unit Charges and Frontage Charges applicable to BUILDER's DEVELOPMENT shall be those in effect at the time of DISTRICT's execution of AGREEMENT.
  - (3) Acreage Charges, Tank Capacity Unit Charges and Frontage Charges applicable to PARTICIPANT shall

be those in effect at the time of execution of PARTICIPANT's Agreement with BUILDER.

- (4) BUILDER or PARTICIPANTS may establish public financing districts. DISTRICT shall credit towards its Water Supply Charges and total PROJECT costs the amount these districts pay toward or for construction of PROJECT.

#### 1.12 AVEK Charges

AVEK assesses a Water Supply Capacity Charge against new DISTRICT customers to finance the construction of AVEK's capital facilities which are needed to meet supplemental water demands created by DISTRICT's new customers.

- (1) This charge is to be applied to any subdivision which had not received final approval of the subdivision map by the appropriate governmental entity on or before June 1, 1990 and to any commercial or industrial development which did not have a scheduled hearing date on or before June 1, 1990 for its conditional use permit or site approval.
- (2) This charge is expected to be set at \$1,850 per EDU during calendar year 1992.
- (3) BUILDER is required to construct, as AVEK FACILITIES, BUILDER's share of a 25 cfs metering station, a 25 cfs turnout, and the 48-inch South Feeder Parallel Pipeline for DEVELOPMENT described on Exhibits C-3, C-4, and C-5 attached.
- (4) BUILDER or DISTRICT may construct the South Feeder Parallel Pipeline in accordance with AVEK Resolution R-90-1. DISTRICT will cooperate with BUILDER in the construction of said pipeline.

#### 1.13 Administrative Fee

BUILDER is to receive an administrative/overhead fee equal to eight percent (8%) of the total Estimated Construction Cost (ECC), excluding the acquisition cost of land for rights-of-way and utility sites. Said administrative/overhead fee shall include BUILDER's cost of PROJECT inspection to ensure compliance with DISTRICT approved construction plans and specifications.

#### 1.14 Term

AGREEMENT shall commence upon entitlement of DEVELOPMENT, expiration of all challenges to the entitlement, approval of all public financing districts and formation of public financing districts, and shall expire at the end of twenty (20) years.



### 1.15 Opening of Escrow Account

Within thirty (30) business days after the entitlement of DEVELOPMENT, expiration of all challenges to the entitlement, approval of initial public financing districts, formation of initial public financing districts, and DISTRICT execution of AGREEMENT, BUILDER shall establish an escrow account (hereinafter "ESCROW ACCOUNT") requiring that funds be deposited in an interest bearing account, at a reliable California financial institution, by submitting to the financial institution a copy of AGREEMENT. BUILDER shall deposit into ESCROW ACCOUNT the "BUILDER PROJECT FEATURE TOTAL ECC" in cash or letters of credit, in the amount of and at the time needed for each PROJECT PHASE and for each "INITIAL PROJECT FEATURE" to be constructed, as shown on Exhibit C-9 attached. DISTRICT will permit use of DISTRICT's tax-free federal identification number to retain accrued interest without payment of income tax for construction of PROJECT.

PROJECT features constructed by any public financing district will be paid for by that district. In lieu of placing those funds in ESCROW ACCOUNT, BUILDER shall deposit into ESCROW ACCOUNT the proof of payment by that district for construction of PROJECT features.

### 1.16 Construction Funds

All funds or letters of credit in ESCROW ACCOUNT shall be used to pay the rights-of-way processing and acquisition costs, construction costs, engineering, pavement repairs, permit fees, legal fees and any other reasonable charges incurred by BUILDER in the construction of each PROJECT PHASE. BUILDER shall submit supporting invoices and lien waivers from contractors to DISTRICT for approval of disbursements from ESCROW ACCOUNT. Approval by DISTRICT shall be in accordance with accepted practices and shall not be unreasonably withheld. Upon approval DISTRICT will submit invoice to escrow agent for payment. As monies are needed for payment of each phase of PROJECT expenses, and insufficient funds are in ESCROW ACCOUNT for PROJECT PHASE, BUILDER or PARTICIPANT as required, shall deposit into ESCROW ACCOUNT each party's pro-rata share of such expenses less, if BUILDER so elects, BUILDER's 8% administrative/overhead fee. Supporting invoices and other such appropriate documentation as may be required by DISTRICT will be submitted by BUILDER before funds held in ESCROW ACCOUNT can be disbursed. All payments from ESCROW ACCOUNT for BUILDER's costs must be signed by BUILDER's administrator and by the Assistant Deputy Director in charge of DISTRICT or the Director of Public Works or his designee. Any interest earned on the funds held in ESCROW ACCOUNT shall accrue to pay for any costs associated with the construction of PROJECT. Any residual funds remaining in ESCROW ACCOUNT after completion of PROJECT and payment of all PROJECT costs shall be returned to BUILDER and PARTICIPANTS in proportion to their respective contributions. Once DISTRICT accepts from

BUILDER the certificate of completion and dedication of PROJECT facilities, BUILDER has no further obligation to DISTRICT for that phase of PROJECT.

#### 1.17 Escrow Instructions

In the event a letter of credit in lieu of funds is deposited in ESCROW ACCOUNT, the Escrow Instructions shall provide that, in the event the letter of credit deposited in ESCROW ACCOUNT has not been extended or replaced within thirty (30) days prior to its date of expiry and the date of expiry is before completion of PROJECT, the escrow holder will, within fifteen (15) business days thereafter, but in no event later than the date of expiry of the letter of credit, draw the maximum amount permitted under the letter of credit and will hold the proceeds of such drawing in ESCROW ACCOUNT. Escrow for PROJECT shall terminate upon:

- (1) completion by BUILDER and acceptance by DISTRICT of PROJECT for which ESCROW ACCOUNT was established, or
- (2) the expiration of the term of AGREEMENT, or
- (3) in the event of default by BUILDER, as provided herein, escrow may terminate at the option of DISTRICT, after Notice has been given in accordance with the terms herein. Escrow Instructions shall provide that in the event DISTRICT terminates the escrow due to BUILDER's default, any and all funds remaining in ESCROW ACCOUNT shall, subject to the terms herein, become the property of DISTRICT and shall be used by DISTRICT solely to construct the remaining portion of PROJECT.

#### 1.18 Construction Water Service

*Interim +  
no water* "as available"

Prior to completion of PROJECT, DISTRICT will allow BUILDER to temporarily connect onto the existing water delivery system for the purpose of receiving the delivery of water for initial construction of the infrastructure for DEVELOPMENT on an as available basis. During the time period of the construction of PROJECT, construction water shall be available for overlotting, grading, dust suppression, revegetation, filling temporary detention basins, and attendant domestic services on an as available basis. Construction water shall be deemed available so long as an adequate supply of water is available to meet the needs of existing customers without diminishing their level of service. If BUILDER or AVEK provide a separate source of water for construction of DEVELOPMENT by delivering the water through existing or newly constructed facilities, DISTRICT will deliver that construction water through DISTRICT facilities, so long as delivering that water does not

adversely impact the delivery of DISTRICT or AVEK water to existing customers of DISTRICT.

## 2.0 BUILDER'S DUTIES

### 2.1 Cost of Project

Except as provided herein, BUILDER shall pay all costs associated with PROJECT, but shall be entitled to reimbursement for oversizing PROJECT features as set forth in AGREEMENT.

### 2.2 Construction of Project

BUILDER shall design, bid, select contractors and construct or cause to be constructed PROJECT as set forth herein to the standards and specifications of DISTRICT.

### 2.3 Performance of Work

The contracts for all work shall be between BUILDER and its contractor. BUILDER shall cause its contractor to commence construction and diligently pursue the construction of PROJECT to completion. BUILDER, as part of its administrative duties, shall be responsible for supervision of its contractor's work so that PROJECT is constructed expeditiously, in a workmanlike manner and in substantial accord with the plans, specifications and permit requirements of the government agency with jurisdiction. BUILDER shall inform DISTRICT's Lancaster office when construction of PROJECT is to commence so that DISTRICT, its employees, representatives or agents may review the construction and progress of work. Construction of PROJECT or PROJECT PHASE shall be deemed substantially complete when DISTRICT has approved the construction and testing of PROJECT or PROJECT PHASE in accordance with its Rules and Regulations and upon DISTRICT's formal acceptance of the dedication of PROJECT or PROJECT PHASE.

- (1) BUILDER shall make all reasonable efforts to ensure that its contractor fully complies with all laws regarding employment of aliens and others, and that all employees performing services hereunder meet the citizenship or alien status requirements contained in Federal and State statutes and regulations including, but not limited to, the Immigration Reform and Control Act of 1986 (P.L. 99-603). BUILDER's contractor shall obtain, from all covered employees performing services hereunder, all verification and other documentation of employment and regulation as they currently exist and as they may be hereafter amended. BUILDER shall require its contractor to retain such documentation for all covered employees for the period prescribed by law and shall indemnify, defend, and hold harmless DISTRICT, its officers and employees from employer

sanctions and any other liability which may be assessed against DISTRICT in connection with any alleged violation of Federal statutes or regulations pertaining to the eligibility for employment of persons performing services under AGREEMENT.

#### 2.4 Performance

BUILDER shall complete construction of PROJECT in a timely fashion to provide water to DEVELOPMENT. In the event BUILDER's diligent performance of the construction of PROJECT is prevented or impaired by circumstances beyond its control and not foreseeable by BUILDER, as described in the paragraph herein on Force Majeure, BUILDER may apply to DISTRICT for an extension of PROJECT's completion date. Said extension shall not be unreasonably withheld by DISTRICT.

#### 2.5 Change Orders

BUILDER shall issue no change order relating to construction of PROJECT without prior written approval of DISTRICT which shall not be unreasonably withheld. If approved, additional time may be granted to BUILDER so the change order construction work may be properly completed.

#### 2.6 Dedication of Project Facilities

Upon completion of the construction and payment of all bills for construction, materials, engineering, pavement repairs, permits and related costs of PROJECT or PROJECT PHASE, BUILDER shall, in writing, dedicate PROJECT or PROJECT PHASE to DISTRICT. DISTRICT shall accept the dedication of PROJECT or PROJECT PHASE as promptly as practicable following BUILDER's offer of dedication and shall maintain and operate PROJECT or PROJECT PHASE after said acceptance at DISTRICT's sole cost and expense. Nothing in AGREEMENT shall be construed as limiting DISTRICT's usage of PROJECT or PROJECT PHASE.

#### 2.7 Default

*Has  
notice  
been  
given?*

In the event of BUILDER's default during construction of PROJECT, DISTRICT shall notify BUILDER in writing of the default and describe the nature of the default. BUILDER shall have thirty (30) days after receipt of DISTRICT's Notice of default to cure the default or if such default cannot be cured within thirty (30) days, BUILDER shall commence to cure the default within the thirty (30) day period and diligently prosecute the cure to completion thereafter to the satisfaction of DISTRICT. If BUILDER fails to cure, or commence to cure the default, any and all funds remaining in ESCROW ACCOUNT for PROJECT shall become the property of DISTRICT and shall be used by DISTRICT solely to construct any remaining portion of PROJECT as set forth herein. BUILDER's default shall not impair, infringe upon or compromise BUILDER's or PARTICIPANT's rights to receive water service, a

Statement of Water Availability or Will-Serve Letter from DISTRICT under the terms of AGREEMENT.

#### 2.8 Water Distribution Plans for Builder's Development

BUILDER shall have water distribution system plans for PROJECT and DEVELOPMENT prepared by a registered engineer licensed in the specialty by the State of California and shall submit said plans showing the Fire Department's requirements for review and approval. Upon completion of PROJECT, BUILDER will supply DISTRICT with a full accounting of costs so that DISTRICT may credit the costs to BUILDER's water supply charges and determine if any additional water supply charges are due for DEVELOPMENT.

#### 2.9 Engineer

BUILDER shall engage the services of an engineer, registered in the State of California and licensed in the required engineering disciplines (hereinafter "ENGINEER"), to prepare the construction plans and specifications for PROJECT. BUILDER reserves the right to change engineers. The plans, specifications, and cost estimate for PROJECT shall be reviewed and approved by DISTRICT prior to the commencement of construction. BUILDER shall require errors and omissions insurance by ENGINEER and contractors.

#### 2.10 Approval

The contractor's work must be approved by DISTRICT as set forth herein. Therefore, DISTRICT's Lancaster office shall be contacted prior to beginning any work on PROJECT. Failure to do so may result in rejection of any work not inspected by DISTRICT.

#### 2.11 Bids

BUILDER is not required to comply with DISTRICT public bid requirements, except to the extent that PROJECT Feature is funded with public funds.

#### 2.12 Administration

BUILDER agrees that it shall promptly designate an Administrator to administer and carry out the provisions of AGREEMENT. BUILDER also agrees that it will not hold DISTRICT liable for any action or failures to act by BUILDER's Administrator, ENGINEER or employees.

#### 2.13 Insurance

BUILDER shall cause its contractors or subcontractors to provide and maintain at their own expense the following forms and amounts of insurance. Such insurance shall be provided by an insurer satisfactory to DISTRICT and evidence of such programs shall be delivered to DISTRICT on or before the

commencement of construction of PROJECT. Such evidence shall specifically identify AGREEMENT and shall contain express conditions that DISTRICT is to be given written Notice by Registered Mail at least thirty (30) days in advance of any modification or termination of any program of insurance.

Failure on the part of BUILDER to cause its contractors or subcontractors to procure or maintain required insurance shall constitute a material breach of contract upon which DISTRICT may, after prior written notice and ten (10) business days to cure, purchase and charge BUILDER for this insurance.

(1) Liability

Such insurance shall be primary to and not contributing with any other insurance maintained by DISTRICT or County of Los Angeles, shall name DISTRICT and the County of Los Angeles as insureds, in addition to BUILDER, and shall include, but not be limited to:

- (a) Comprehensive General Liability Insurance endorsed for Premises - Operations, Products/Completed Operations, Explosions, Underground and Collapse, Contractual, Broad Form Property Damage and Personal Injury with a combined single limit of not less than \$1,000,000 per occurrence.
- (b) Comprehensive Auto Liability Insurance endorsed for all owned, non-owned, leased and hired vehicles with combined single limit of at least \$500,000 per occurrence.

(2) Worker's Compensation

A program of Worker's Compensation Insurance shall be maintained in an amount and form to meet all applicable requirements of the Labor Code of the State of California, including Employers Liability with a \$500,000 limit, covering all persons providing service on behalf of BUILDER and all risks to such persons under AGREEMENT.

(3) Property Damage

BUILDER's All Risk Insurance, including flood and earthquake coverage, covering the entire work against loss or damage shall be maintained. Insurance shall be in an amount equal to the replacement cost of the subject construction and improvements and endorsed for broad form property damage. Deductibles not exceeding five percent

(5%) of the construction cost and ten percent (10%) for earthquake will be permitted.

#### 2.14 Builder's Indemnification

BUILDER agrees to indemnify, defend and save harmless DISTRICT and the County of Los Angeles, and DISTRICT's agents, officers and employees, from and against its share of any and all liability, expense, including defense costs and legal fees, and claims for damages of any nature whatsoever, including, but not limited to, claims for bodily injury, death, or property damage arising from any alleged negligent act or omission, or reckless or willful misconduct, of BUILDER or contractors employed by BUILDER in connection with the construction of PROJECT, or from workers' compensation claims made by employees of BUILDER or contractors. The foregoing indemnifications do not apply in the event that it is determined that the injury or damage in question was caused by the negligent act or omission, or reckless or willful misconduct of DISTRICT, the County of Los Angeles or any of the agents, officers or employees of either.

#### 2.15 Warranties

BUILDER shall secure warranties from contractors or suppliers of material, pumps, pipelines and equipment for repair or replacement of all such work or materials. The warranties shall be to the benefit of BUILDER during the construction of PROJECT or PROJECT PHASE and the benefit of DISTRICT upon completion of PROJECT and acceptance of dedication of PROJECT or PROJECT PHASE by DISTRICT.

Once any part or all of PROJECT is complete and any part or all of PROJECT is dedicated to and accepted by DISTRICT, BUILDER is relieved of any obligations to DISTRICT for that portion of PROJECT. DISTRICT's sole remedy for any monetary reimbursement, repair or replacement for any part or all of PROJECT shall be the warranties from the contractor or supplier of materials.

#### 2.16 Performance and Materials Bond

BUILDER shall secure an adequate performance and materials bond from each contractor to ensure completion of PROJECT feature.

### 3.0 DISTRICT'S DUTIES

#### 3.1 Issuance of Statement of Water Availability and Will-Serve Letter

As consideration for BUILDER's contributions toward construction of PROJECT, DISTRICT shall issue to BUILDER a conditional Statement of Water Availability, which shall be sufficient to satisfy the requirements of the City of Palmdale or Los Angeles County with respect to evidence of water

availability for purposes of granting conditional approval of any tentative tract map. Such conditional Statement of Water Availability shall state that BUILDER shall receive credit against Acreage Charges, Tank Capacity Unit Charges and Frontage Charges to the extent of its financial participation in the design and construction of PROJECT, and that DISTRICT shall issue conditional Will-Serve Letters for water service, contingent upon approval by DISTRICT of BUILDER's water distribution system for DEVELOPMENT, upon determination by DISTRICT of available water supply source, and that, upon satisfaction of the conditions contained in its conditional Will-Serve Letter, DISTRICT will provide water.

### 3.2 Water Supplies

DISTRICT shall not, on account of inadequate supplies of water, drought, earthquake or failure of water quality compliance with federal, state or local standards, curtail supplies of water to BUILDER, impose a moratorium on permanent meter connections to BUILDER, require additional water rights from BUILDER, or reduce deliveries of water to purchasers of BUILDER's homes, buildings or open spaces if BUILDER provides to DISTRICT one hundred percent (100%) of the potable water supply needed at all times by BUILDER's DEVELOPMENT.

### 3.3 Sale of Water Capacity Units

BUILDER shall be entitled to sell any one or more excess Water Capacity Units (hereinafter "WCU"). Unless approved by DISTRICT, use of purchased WCU's shall be confined to the pressure zone in which the WCU originated. All sales of excess WCUs are subject to DISTRICT approval.

### 3.4 Purchase of Water Capacity Units

BUILDER may purchase WCU's from other builders. The general terms and conditions to be included in a Water System Sub-Agreement, for the purchase of 765 WCU's from Kaufman and Broad, are set forth on Exhibit G attached.

### 3.5 Assignment

DISTRICT shall not object to the assignment of this AGREEMENT to any successor in interest of BUILDER in the land set forth on Exhibit B.

### 3.6 Water Purveyor Boundary Conflicts

DISTRICT shall cooperate in resolving all water purveyor boundary conflicts, altering of spheres of influence and completing all annexations, de-annexations or mergers which are necessary under AGREEMENT.



### 3.7 Well Construction

DISTRICT shall cooperate with BUILDER in securing the right to drill the wells required by AGREEMENT.

### 4.0 TERMINATION OF AGREEMENT

AGREEMENT shall terminate and be of no further force and effect upon the first to occur of the following:

- (1) PROJECT has been completed, inspected and accepted by DISTRICT, and DISTRICT has issued conditional Statements of Water Availability and conditional Will-Serve Letters for each and every phase of DEVELOPMENT to BUILDER; or
- (2) the expiration of the twenty (20) year term of AGREEMENT. If at the end of the twenty (20) year term all conditional Will-Serve Letters for DEVELOPMENT have not been issued, DISTRICT and BUILDER will work in good faith to amend AGREEMENT.

### 5.0 NOTICE OF APPROVALS

Any approval, disapproval, demand, document or other Notice (herein "Notice") which either party may desire to give to the other party must be in writing and may be given by personal delivery, telex, telecopy, cable, Federal express or similar overnight service, overnight mail, courier, or by United States Express Mail, Registered or Certified Mail return receipt requested with a signed receipt by the party to whom the Notice is addressed, at the address of the party set forth below or at any other address as the parties may later designate in writing:

- (1) To BUILDER: Ritter Park Associates, a California Limited Partnership  
Attention: Project Manager  
849 W. Palmdale Blvd.  
Palmdale, California 93551

With an extra copy to:

Paul Nadel, Esq.  
Christensen, White, Miller,  
Fink, & Jacobs  
2121 Avenue of the Stars  
18th Floor  
Los Angeles, California 90067

- (2) To DISTRICT: Los Angeles County  
Waterworks District No. 34,  
Desert View Highlands  
900 South Fremont Avenue, 9th Floor  
Alhambra, California 91803

Notice shall be deemed given at the end of the first business day following the date of delivery noted on the receipt for the method of service used. If address changes, it is the sole obligation of the party changing the address to inform the other party within thirty (30) days by the method of Notice provided herein.

#### 6.0 FORCE MAJEURE

All parties hereto shall comply with the time limitations set forth in AGREEMENT provided, however, that said time limitations may be extended for a period or periods of time equal to any period of delay caused by strikes, inability to obtain material because of strikes, economic conditions causing delays in construction of PROJECT, lockouts, fire or other casualty, war, the elements or Acts of God, including earthquakes, refusal or failure of governmental authorities or public utilities to grant necessary approvals, authorizations, and/or permits for the construction of PROJECT contemplated hereunder, the parties agreeing to use reasonable diligence to procure the same with dispatch, injunctions against construction of PROJECT or DEVELOPMENT, or other causes, unforeseen and beyond their reasonable control.

#### 7.0 ATTORNEY'S FEES

Should any party or parties hereto institute any action or proceeding in court to enforce any provision hereof, for declaratory or similar relief or for damages by reason of alleged breach by another party of a provision of AGREEMENT, the prevailing party in such action shall be entitled to recover from the other party its reasonable costs, including attorney's fees and court costs.

#### 8.0 NO WAIVER

Failure of a party to insist upon strict and punctual performance of any covenants, conditions or other provisions of AGREEMENT or of any instrument or other writing herein provided for, shall not constitute a waiver of, or estoppel against, that party's right to require such performance. In addition, a waiver by any of the parties of any failure by another party to perform as required by any instrument or other writing provided for herein shall not be deemed to be waiver of any preceding or succeeding breach of the same or of any other covenant, condition or provision, including, without limitation, the time for performance thereof.

#### 9.0 GOVERNING LAW

AGREEMENT and any instrument, certificates or other writing herein provided for shall be governed by and constructed and enforced in accordance with the laws of the State of California.

#### 10.0 INVALIDITY

Nothing contained in AGREEMENT or in any instrument, certificate or other writing herein provided for shall be construed to require the commission of any act contrary to law, and wherever there is any conflict between any provision of AGREEMENT or of any instrument, certificate or other writing herein provided for and any material statute, law, ordinance or regulation contrary to which the parties have no legal right to contract, the statute shall prevail. However, in the event that any such provision shall be contrary to the statute, law, ordinance or regulation, the provision so affected shall be curtailed and limited only to the extent necessary to bring it within the legal requirements. The remainder of that provision and of the other provisions of AGREEMENT and of any instrument, certificate or other writing herein provided for shall continue in full force and effect and shall in no way be affected, impaired or invalidated, and the parties shall immediately employ their best efforts in good faith to negotiate a comparably valid provision to substitute for the one deemed to be contrary to law.

#### 11.0 SEVERABILITY

In the event any portion of AGREEMENT shall be declared by any court or authority of competent jurisdiction to be invalid, illegal, or unenforceable, such portion shall be severed from AGREEMENT, and, provided that such severance does not cause or result in the substantial frustration of the purpose for which the parties originally entered into AGREEMENT, the remaining parts hereof will remain in full force and effect as if such invalid, illegal, or unenforceable portion had never been a part of AGREEMENT. The parties will negotiate in good faith to replace the severed portion of AGREEMENT with a comparably valid provision.

#### 12.0 AMENDMENTS

AGREEMENT may be amended, modified, superseded or canceled, and terms, conditions and covenants hereof may be waived, and agreements supplemental hereto may be made, only by written instrument executed by the parties, or, in the case of waiver, by the party waiving compliance in writing. Oral modifications are void. DISTRICT agrees to work with BUILDER to agree to amendments, and to do so without delay. A construction change order does not constitute an amendment.

#### 13.0 COUNTERPARTS

AGREEMENT and any amendment or supplement hereto, and any document or instrument to be executed and delivered hereunder, may be executed in any number of counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same instrument; provided, however, that such counterparts, in the aggregate, shall have been executed by the parties.

#### 14.0 PARTIES IN INTEREST

Each and every provision contained herein shall be binding upon and shall inure to the benefit of the parties, their respective assigns and successors in interest, whether said assigns and successors are private parties or public entities. Both parties shall require that their respective assigns and successors in interest are to be bound by and to uphold each and every provision of AGREEMENT.

#### 15.0 HEADINGS

Headings are intended for ease of reference only and not for altering the substance of a particular paragraph.

#### 16.0 RECITALS

Recitals are intended to establish the contract setting and are to be interpreted as substantive only to the extent they are consistent with the text of AGREEMENT.

#### 17.0 GENDER/PLURALS

Gender is intended to be as required for the context of the sentence and plurals have been omitted where appropriate for simplicity, but are not intended to alter the meaning.

#### 18.0 NO THIRD-PARTY BENEFICIARIES

AGREEMENT does not create rights in favor of persons not a party to AGREEMENT.

#### 19.0 FURTHER ASSURANCES

Each of the parties hereto shall promptly execute and deliver any and all additional papers, documents and other assurances, and shall do any and all acts and things reasonably necessary in connection with the performance of their obligations hereunder and to carry out the intent of the parties hereto.

#### 20.0 ENTIRE AGREEMENT

AGREEMENT contains the entire understanding of the parties and supersedes any prior or contemporaneous understanding and agreements, written or oral, respecting the subject matter of AGREEMENT.

#### 21.0 INTERPRETATION

AGREEMENT shall not be interpreted against any party, but shall, for all purposes, be interpreted as being drafted by both parties.

## 22.0 DISTRICT AUTHORITY

DISTRICT hereby asserts, and BUILDER hereby relies upon, DISTRICT's ability to enter into AGREEMENT. All requirements for DISTRICT to act have been met.

## 23.0 CONSENT

Whenever DISTRICT's consent or approval is required, such consent or approval shall not be unreasonably withheld.

## 24.0 EXHIBITS

Exhibits are incorporated by reference.

## 25.0 JOINT VENTURE

AGREEMENT does not create a joint venture relationship.

CORPORATE ACKNOWLEDGMENT

State of CALIFORNIA  
County of LOS ANGELES

SS.

On this the 11<sup>TH</sup> day of MARCH 1992, before me

Robert L. Frasher

the undersigned Notary Public, personally appeared

MERV ADELSON AND KEITH WILSON

☒ personally known to me

☐ proved to me on the basis of satisfactory evidence

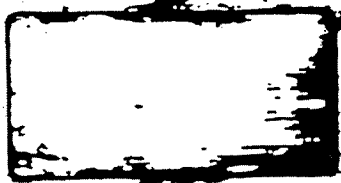
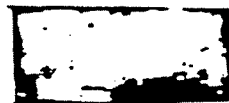
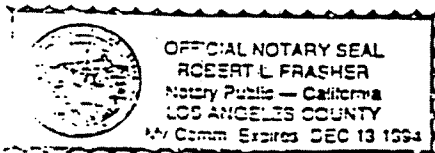
to be the person(s) who executed the within instrument as

CHAIRMAN AND CEO or on behalf of the corporation therein  
named, and acknowledged to me that the corporation executed it.

WITNESS my hand and official seal.

Robert L. Frasher

Notary's Signature



IN WITNESS WHEREOF, the parties hereto have caused AGREEMENT to be executed by their respective officers, duly authorized by Ritter Park Associates, a California Limited Partnership, on March 31, 1992 and by the LOS ANGELES COUNTY WATERWORKS DISTRICT NO. 34, DESERT VIEW HIGHLANDS on March 31, 1992.

RITTER PARK ASSOCIATES, a  
California Limited Partnership

By: Adelson Investment Partnership, a  
California Limited Partnership

By: Adelson Investment, Inc., a  
California Corporation

By: [Signature]

Its: Chairman

By: [Signature]

Its: Chief Financial Officer

LOS ANGELES COUNTY WATERWORKS  
DISTRICT NO. 34, DESERT VIEW HIGHLANDS

By: [Signature]  
CHAIRMAN OF THE BOARD OF SUPERVISORS  
OF THE COUNTY OF LOS ANGELES AS THE  
GOVERNING BODY THEREOF

APPROVED AS TO FORM:

DEWITT W. CLINTON  
County Counsel

By: [Signature]  
Deputy



ATTEST:

HARRY J. MONTEILH  
Executive Office-Clerk of the  
Board of Supervisors

By: [Signature]  
Deputy

## EXHIBIT "A"

### DEFINITIONS

The following terms shall have the meanings as hereinafter defined whenever reference is made thereto. All other terms shall have the definitions used in the Rules and Regulations of the Los Angeles County Waterworks Districts as of May, 1986:

- 1.0 ACREAGE CHARGES: A water supply charge based on property usage classification and fire flow protection requirements, which is computed on a gross area basis.
- 2.0 ADMINISTRATIVE/OVERHEAD FEE: Fee equivalent to 8% of PROJECT total cost of all water system improvements constructed by BUILDER for PROJECT excluding the acquisition cost of land for rights-of-way and utility sites. Said administrative/overhead fee shall include BUILDER's Cost of PROJECT inspection to ensure compliance with DISTRICT approved construction plans and specifications.
- 3.0 AGREEMENT: Contract and Exhibits entered into between Ritter Park Associates and Los Angeles County Waterworks District No. 34, Desert View Highlands, herein relating to the construction of water supply facilities required to provide PROJECT with a water supply.
- 4.0 AVEK: Antelope Valley-East Kern Water Agency, a Water Agency organized under California Water Code Appendix Chapter 98 Sections 49 to 96 inclusive.
- 5.0 BENEFITED FRONTAGE: The benefited frontage of parcels to be served water against which a Local System Improvement Charge shall be assessed, and shall include:
  - (1) Benefited frontage, or front-foot of benefit shall be determined as the width of a parcel at an average depth of 50 feet from the property line.
  - (2) For special cases on parcels which front on a water main and which are not located on a corner of an intersection of two public streets or public ingress or egress rights-of-ways and where the parcel width is greater than the depth, the benefited frontage shall be determined by multiplying the average depth times the frontage divided by 100 feet. (The average depth shall not exceed 100 feet.)
    - (a) Benefited frontage for corner parcels having an area zoned less than one acre and with width less than 165 feet may be computed as defined in part 1.
    - (b) Benefited frontage for corner parcels having an area zoned less than one acre and with a depth or width in excess of 165 feet may be computed by deducting 165 feet from the longer side and adding the difference to the shorter side, or may be computed as defined in part 1.



EXHIBIT "A"  
(continued)

- (c) Benefited frontage for corner parcels having an area zoned one acre or more and with width less than 165 feet may be computed as defined in part 1.
  - (d) Benefited frontage for corner parcels having an area zoned one acre or more and with a depth or width in excess of 165 feet may be computed by adding the front and side lot line lengths together and deducting therefrom one-half of the length of the longer side, up to a maximum deduction of 330 feet.
  - (e) For "flag" lot type premises having frontage on a water main, the frontage may be computed by dividing the area of the premises by the distance from the premises' frontage to the rear of the premises.
  - (f) Side lot line length will only be considered in determining benefited frontage should the side lot line front on and be able to be served with water from a water main existing at the time service is turned on for the premises. Where the side lot is not used in determining benefited frontage, there shall be no frontage deduction as permitted under b, c and d.
  - (g) For corner parcels, benefited frontage is the shorter of the two sides of the premises abutting the two intersecting public ways or easements of the DISTRICT. If there is no water main in the public way or easement of the DISTRICT upon which the structure or building on the premises has its frontage, the water meter is to be installed along or as near that side as possible so that the meter will be on or near the frontage side of the premises.
- (3) Benefited frontage for parcels having unusual or irregular boundaries will be computed by DISTRICT engineer.
  - (4) Benefited frontage of a parcel shall be based on the frontage of the parcel existent at the time water service is turned on for a premises, exclusive of frontage adjacent to the parcel either dedicated to and accepted for public road or highway purposes or set aside by recorded document or governmental order for use as a public ingress and egress right-of-way without restriction, or area designated as a private street.
  - (5) Benefited frontage for benefited premises not having direct frontage on a water main (the premises is interior to a larger parcel under one ownership) may be based upon the width of the benefited premises being projected to the direct water main frontage (at which frontage the water meter is to be located) of the larger parcel.

Overlapping projections will only be included once. Projections shall be made in a uniform direction, approximately at right angles to the selected boundary. The minimum width for such smaller parcels within a larger parcel shall be 100 feet, unless the larger parcel has a width of less than 100 feet. Where the benefited premises (where the parcel is part of a larger parcel and located interior to the frontage of the larger parcel on the water main) is located more than 660 feet distant from the centerline of the right-of-way in which the serving water main is located, the premises shall be deemed to have no benefited frontage.

EXHIBIT "A"  
(continued)

However, service to interior parcels which are located more than 660 feet (and which do not initially have any benefited frontage) shall be subject to the condition that, should at a later date DISTRICT install a water main within 660 feet of the frontage of said interior parcel and service is provided therefrom to the interior parcel, the interior parcel shall be deemed to have benefited frontage and the applicable charges shall be due and payable in order for service to continue to the interior parcel.

- (6) Benefited frontage for premises which do not have direct frontage on a water main from which water service may be provided by DISTRICT, but which premises lie within 660 feet distance of the water main, but under different ownership from the property lying between the premises and the main, will be determined in the same manner as of this rule. DISTRICT reserves the right to require the applicant for water service for a non-frontage premises to install any needed water main extension to service on the premises, which main shall become the property of DISTRICT.
- (7) Benefited frontage for premises which have a land use zoning required area of one acre or larger may initially be charged for only a minimum 100 feet of frontage where the benefited premises is confined to a one acre area which can be defined within the parcel and which has a projected frontage not more than 100 feet. Should the benefited premises exceed 1 acre or the 1 acre area minimum require a frontage exceeding the 100 feet, the benefited frontage is to be the actual frontage of the benefited premises. Should subsequently the customer extend the water use area beyond the 1 acre area and/or the 100 feet of frontage or the area larger than 1 acre and the 1 acre minimum have frontage in excess of the 100 feet, the customer is required to pay the then applicable water supply charges for the additional area and frontage of the larger parcel.

6.0 ~~BENEFITED PREMISES:~~ The parcel of land on which the Applicant indicates use of DISTRICT water is to be confined, or to which the benefits of the water service apply and which is defined as the water use area, and upon which DISTRICT's Water Supply Charges are based and paid.

The benefited premises may or may not have direct frontage on the water main from which service is to be provided.

The benefited premises may be only a portion of a larger property holding. The benefited premises shall contain an area of at least a minimum of one acre; or the area of a parcel or lot in a recorded tract, filed Parcel Map, filed Certificate of Compliance, Record of Survey, or Licensed Surveyor's Map; or the minimum area permitted under the land zoning at the time of application, whichever is the lesser area; and not less than the water use area.

The benefited premises shall be defined by the applicant to DISTRICT by use of a legal description and a properly dimensioned map as required by DISTRICT. The legal description shall contain sufficient reference to the information and data of record in the County Recorder's office to identify the premises. The map shall show the total property holding and the relationship between the total property, benefited premises, and the water use area. The benefited premises for parcels which are a part of a larger holding shall have a minimum width of 100 feet, not unless the larger parcel has a width of less than 100 feet, in which case the parcel's frontage shall be the lesser frontage. The benefited premises shall be

EXHIBIT "A"  
(continued)

based on the net area remaining after subtracting from the gross area, areas adjacent to the parcel either dedicated to and accepted for public street purposes or set aside by recorded documents or governmental order for use as a public ingress and egress right-of-way without restriction as a private street or private and future street. The applicant may designate a larger area as the benefited premises. The benefited premises shall be enclosed by straight lines, except if the lines be on the boundary of the property owned by the applicant in which case the lines may be curves.

The minimum area for a benefited premises shall for single family residential use (R and A or equivalent zoning) be related to the minimum area allowed by the land use zoning established by the local planning agency for parcels up to one (1) acre in size. For those single family residentially zoned parcels in excess of one (1) acre, should the applicant designate the water use area to be one acre or less the area of the benefited premises shall be one (1) acre. For residentially zoned parcels other than for single family use and for all other zoning uses the benefited premises shall be an area as determined by DISTRICT and shall be a minimum of the water use area.

Regardless of the distance between the water main from which water service is to be provided and the closest point of the benefited frontage, the Capital Improvement Charge shall be applicable.

- 7.0 BOARD: The Board of Supervisors of the County of Los Angeles.
- 8.0 BUILDER: Ritter Park Associates, a California Limited Partnership, 849 West Palmdale Blvd., Palmdale, California 93551.
- 9.0 CAPITAL IMPROVEMENT CHARGE: The charge for equitable participation in the capital improvements of a DISTRICT as a condition precedent to the supply of water to a benefited premises, a "benefited parcel" of land, which has not heretofore been supplied with water by the DISTRICT, except as stated in Rule 1-A-49 and Rule 4-A-1 and its subrules.
- 10.0 COMMERCIAL AND MANUFACTURING AREA: All zoning classifications and permitted use, except those defined in Rule 1-A-34.
- 11.0 CONSTRUCTION WATER SERVICE: The temporary service provided by DISTRICT in supplying water for backfilling trenches, dust suppression, overlotting, grading, revegetation, filling detention basins, attendant domestic uses, and other construction water service.
- 12.0 DEVELOPMENT: A multiple number of premises for which service is being provided or requested which will be under a common ownership. The DEVELOPMENT may be served by DISTRICT as one premises or individually for each separate premises at the option of DISTRICT.
- 13.0 DISTRICT: Los Angeles County Waterworks District 34, Desert View Highlands, a public water district, the governing body of which is the Board of Supervisors, formed pursuant to Division 16 of the State of California Water Code, Section 55,000, et seq.
- 14.0 DOMESTIC WATER SERVICE: The service performed by DISTRICT incidental to supplying water for domestic use and includes the use of water for household residential purposes, sprinkling lawns, irrigating small gardens and shrubbery, watering livestock, washing vehicles, and ordinary use of water at residences, business and commercial establishments.

EXHIBIT "A"  
(continued)

- 15.0 EASEMENT: Public way or right-of-way which DISTRICT is authorized to use for pipeline or other purposes.
- 16.0 ENGINEERING AND CONSTRUCTION SERVICES: Those services performed by DISTRICT in preparing plans and specifications, checking the plans submitted by privately employed engineers for water systems proposed to be installed within DISTRICT, inspecting the construction of water systems installed by private contractors, and installing water systems in DISTRICT through charges or deposits paid by developers or subdividers.
- 17.0 ENTITLEMENTS: Entitlements are all approvals of the Specific Plan, EIR, Development Agreement and Annexation by the City of Palmdale granting the final and unimpeachable right to build and develop DEVELOPMENT in accordance with the approved Specific Plan.
- 18.0 EQUIVALENT DWELLING UNITS (EDU): An Equivalent Dwelling Unit (EDU) is one residential dwelling unit, housing 2.9 occupants, having three bedrooms, two and one-half baths, kitchen, additional space and landscaping.
- 19.0 ESCROW ACCOUNT: An interest bearing account, to be set up at a reliable financial institution in California, to hold funds deposited by BUILDER for the purposes of constructing PROJECT.
- 20.0 ESTIMATED CONSTRUCTION COSTS (ECC): Estimates made by reputable professionals familiar with PROJECT's construction plans as to monetary expenditure needed to complete PROJECT in accordance with sound engineering and construction practices.
- 21.0 FIRE PROTECTION WATER SERVICE:
- (1) Water service provided by DISTRICT to automatic fire sprinkler installations and/or private onsite fire hydrants on a separate service connection through a detector check installation.
  - (2) Water service provided by DISTRICT to private onsite fire protection systems that are maintained by the customer and served by a water meter of sufficient capacity to register the delivery of water for domestic use and fire protection purposes.
- 22.0 FRONTAGE: Frontage for a premises is defined as the side of the premises which is adjacent to the side of the proposed or existing principal building in which building side there is located the principal or front entrance to the building.
- Where there is no building proposed or existing on the premises the frontage is defined as the side of the premises through which principal vehicular access from the premises is made onto a travelled way.
- 23.0 INTERCONNECTION: An authorized connection of DISTRICT distribution system with that of another water service agency or water system.
- 24.0 LOCAL SYSTEM IMPROVEMENT CHARGE: The charge for equitable participation in the local system improvements of a DISTRICT as a condition precedent to the supplying of water to a benefited premises having a benefited frontage which has not heretofore been supplied with water by DISTRICT, except as stated in Rule 1-A-49 and Rule 4-B-1 and its subrules.
- 25.0 LOCAL SYSTEM IMPROVEMENTS: Means the following Structural Improvements:

EXHIBIT "A"  
(continued)

- (1) That portion of the capacity of all water mains required to provide adequate water service for domestic, sanitation, and fire suppression purposes to the premises for which application for water service has been made including fire hydrants installed on those water mains.
  - (2) Individual fire hydrants installed on existing water mains.
- 26.0 MAIN EXTENSIONS: The extension of water mains beyond existing facilities, exclusive of service connections.
- 27.0 MAXIMUM REIMBURSEMENT: Maximum amount of money that can be paid by DISTRICT to the reimbursee from Local System Improvement Charges collected from applicants for water service (other than the reimbursee) within the term of the reimbursement agreement which applicants have paid for water service from the offsite portion of the water main paid for by the reimbursee.
- 28.0 NON-PARTICIPANT BENEFITING PROPERTY: Where one or more applicants for water service or participants assume the obligation of installing water system improvements which benefit the premises of other owners of property which may have need for the improvements to obtain water service at some future time, DISTRICT may either enter into a Non-Participant Benefiting Agreement with the applicants and participants, or withhold service from other properties benefited until those premises have participated in the project. The Agreement may prescribe that DISTRICT will withhold water service issuance of a Water Certificate, Statement of Water System Operation or Will-Serve Letter from a non-participating property until NON-PARTICIPANT has reimbursed the original BUILDER and PARTICIPANTS the proportion of the cost of the original improvements chargeable to that property or such consideration the participating parties may agree upon.
- 29.0 OFFSITE WATER FACILITIES: The portion of a water main extension that is offsite to the applicant's premises frontage, namely, the portion of main extension from the end of the existing water main from which water service is to be obtained and the benefited frontage nearest to the end of the existing main.
- 30.0 ONSITE WATER SYSTEM: That part of PROJECT facilities and other facilities built on DEVELOPMENT.
- 31.0 PARTICIPANT IN WATER SYSTEM IMPROVEMENT: As a part of a BUILDER financed improvement, there may be property which benefits from this improvement which does not apply for water service in conjunction with the improvement but which participates financially in the project. The BUILDER may designate such other properties as PARTICIPANTS. PARTICIPANTS shall receive credit for Water Supply Charges by virtue of participation in the project to the extent that credits may be assigned on the basis of the value of the improvement. Such participation shall be established by the filing with DISTRICT of a Participation Letter signed by the developer who is a financial participant (one who retains a right to recover any participation monies by the participation process) and the owners (financial participants and non-financial participants (one who does not retain a right to recovering participation monies by participation process)) of all other participating lands. DISTRICT may then assign Water Supply Charge credits to the participating lands on the basis that the lands were paying the charges in existence at the time the improvement was installed. The assignment of Water Supply Charge credits, which are equal to or greater than the actual Water Supply Charges, shall be deemed

EXHIBIT "A"  
(continued)

to complete the payment of the charges for property for subsequent water service provided the land use zoning of the property does not change and the improvement met the water service requirements of the land at the time that the improvement was installed.

Potential for previous participant recovering any monies by the participation process on any given project is limited to a 10-year period after completion and acceptance of the water system improvements.

A new applicant (owner) that will have use of the water system improvements installed by others, must make financial arrangements with the present owner of the property, which owner is or are already a financial participant. A previous owner may file a written statement with the DISTRICT that said owner is to remain a financial participant instead of the new applicant (owner) and that all transactions and financial arrangements must be made with the previous owner. The new applicant (owner), therefore, will not have any participation rights related to recovering participation monies.

It will be the responsibility of the present financial participant and the present owner, who is or are non-financial participant, to keep DISTRICT informed of any change in mailing address, telephone number, and legal status as a financial participant or non-financial participant.

The reason for this is that if there is a problem with locating a financial participant for a subsequent new applicant (owner) to transact business and to arrange for financial participation, DISTRICT will initiate a certified letter to be mailed to the last known financial participant and a non-financial participant at the mailing address shown on the participation statement or any updating documents verifying any changes in mailing address or legal status as a participant. DISTRICT will wait thirty (30) calendar days for a response. If there is no response by the date specified or the letter is not deliverable, DISTRICT will then instruct the subsequent new applicant to transact business with and to arrange for financial participation with the present owner. A present owner who is a participant, however, not a financial participant must always be included in the participation statement even if he does not recover any monies.

The value of offsite water mains, fire hydrants, and other facilities may be credited toward acreage or frontage based on whether or not the new property being developed fronts on or does not front on the water main and needs the use of the water mains, fire hydrants, and other facilities. The value of a developer's offsite water system improvements for which the developer gets credit against his Capital Improvement (acreage) Charge and/or can get participation by others in need of the installed water system improvements up to the extent of the value of the credits shall be based on the cost breakdown of the offsite portion of the project less any Capital Improvement (acreage) Charge credits that may have been used by the original developer and any monies subsequently collected by said developer and other subsequent financial participants from any new applicants (owners) in need of the use of the system improvements.

All undeveloped properties and existing developed properties that are redeveloped which have any portion of their frontage or structures thereon located within a 300-foot radius (residential) or 150-foot radius (commercial) of the new developer-installed public fire hydrant (including a water main extension), will be required to participate in the cost of said water system improvements. Where said properties may be within the

EXHIBIT "A"  
(continued)

maximum specified distances via vehicular access relating to the lot frontage and the proposed structure from a public fire hydrant, which may be existing or may have been installed by any of the developers of said properties, said properties will still be required to participate only in the cost of the new developer-installed public fire hydrant to satisfy the 300-foot or 150-foot radius requirement. In this case, it will be DISTRICT's requirement to do so if it were not a Fire Department requirement.

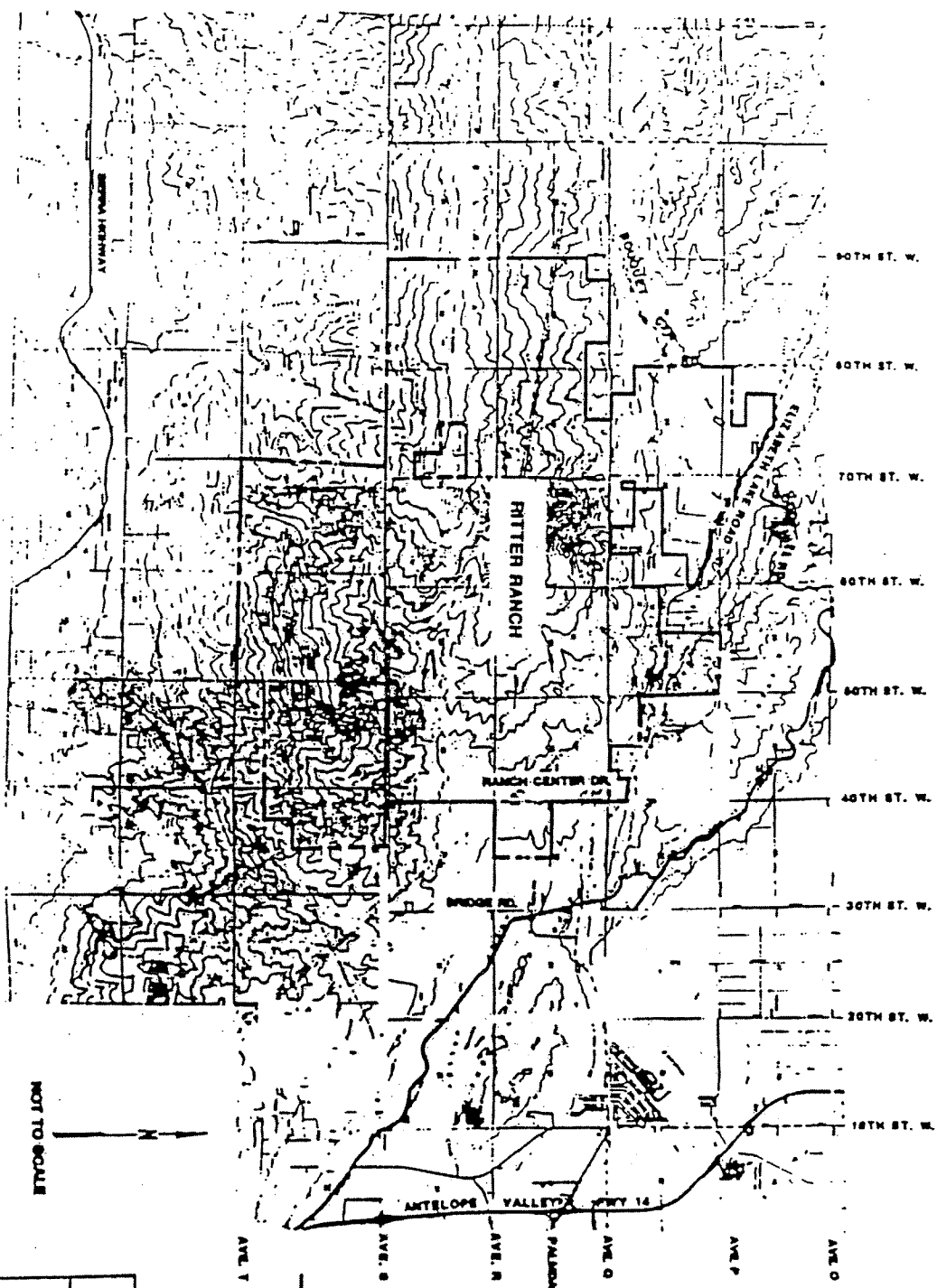
- 32.0 PRIVATE CONTRACTOR: A person or firm not employed by DISTRICT or County engaged in the installation of water system facilities within the service area of a DISTRICT or within territory being considered for annexation thereto.
- 33.0 PRIVATE EASEMENT: An easement in which a customer or others may have installed a water main for transportation of water furnished by DISTRICT, in which easement or pipeline DISTRICT has no interest or responsibility.
- 34.0 PROJECT: Planned improvement of DISTRICT's existing water supply facilities including water wells, chlorination, forebays, pumping stations, water transmission mains, water storage facilities and necessary appurtenances shown on Exhibits C and C-1.
- 35.0 PROJECT PHASE OR PROJECT PHASING: The construction of PROJECT in discernable stages for the purpose of providing for cash flow balancing with the needs of DEVELOPMENT.
- 36.0 PUBLIC WATER SERVICE: The class of domestic water service rendered by DISTRICT in providing new water service to or for tax-exempt premises after DISTRICT is formed or after the tax-exempt premises is included in DISTRICT by annexation.
- 37.0 PUBLIC WAY: Street, alley, highway, or walk dedicated to the public use.
- 38.0 REIMBURSEE: The entity who, as an applicant for water service, has:
  - (1) Paid charges of DISTRICT for the purpose of DISTRICT extending a water main and appurtenances to the frontage of the applicant's premises to provide water service to the applicant's premises, and
  - (2) Entered into a reimbursement agreement with DISTRICT for the possible reimbursement by DISTRICT to him of a portion of the payment as determined by said agreement.
- 39.0 REIMBURSEMENT AGREEMENT: An agreement entered into between DISTRICT and the reimbursee for the purpose of establishing the terms and conditions of reimbursement applicable pursuant to Section 55358 et seq., of the State of California Water Code. Reimbursement agreements may only be used where an extension of DISTRICT's facilities is necessary offsite from the applicant's premises and where the applicant has been charged (after allowance for applicable credits) any monies by DISTRICT to construct the offsite main.
- 40.0 REIMBURSEMENT FRONTAGE: Reimbursement frontage is the frontage along an offsite water main extension which is offsite to the benefited frontage of the premises of the reimbursee.

EXHIBIT "A"  
(continued)

Reimbursement frontage shall include the frontage of all premises on the water main installed exclusive of the frontage of the applicant's premises.

- 41.0 RESIDENTIAL AREA: Those land areas zoned R-1 or R-2 or similar land use designations with the permitted use confined only to family dwelling and lands zoned A-1 or A-2 or similar land use designations with the permitted use confined to single family dwelling and related agricultural uses.
- 42.0 STATEMENT OF WATER AVAILABILITY: Representation by DISTRICT that supply of water is available upon completion of necessary water system improvements.
- 43.0 TANK CAPACITY UNIT CHARGES: A water supply charge based on domestic water meter demands and fire flow protection requirements, that is calculated by multiplying Domestic Water Service Billing Units by Fire Flow Demand Units.
- 44.0 WATER SERVICES: The services performed by DISTRICT incidental to supplying water as stated in Rule 1-A-6 and its subrules.
- 45.0 WATER SUPPLY CAPACITY CHARGE: Charge imposed by AVEK to DISTRICT customers to finance construction of AVEK's capital facilities in order to meet increased water demand from DISTRICT. Charge set for 1992 is \$1,850 per equivalent dwelling unit.
- 46.0 WATER CAPACITY UNITS (WCU): A Water Capacity Unit (WCU) is a standard unit of measure of the water system capability to deliver water at the maximum daily demand rate of 1,670 gallons per day (gpd) to an Equivalent Dwelling Unit (EDU) through a three-quarter-inch water meter rated at 30 gallons per minute (gpm) or less, which is equivalent to one billing unit. The water system will also be capable of providing a source of water supply of 1,670 gpd per EDU, a water storage volume of 1,250 gallons per EDU and a residential fire protection flow rate of 1,250 gpm at 20 psi for a duration of two hours.
- 47.0 WATER SUPPLY CHARGES:
- (1) Capital Improvement (Acreage and Tank Capacity Unit) Charges.
  - (2) Local System Improvement (Frontage) Charges.
  - (3) Water System Engineering Charges.
- 48.0 WILL-SERVE LETTER: Agreement by DISTRICT to supply water to water service applicant upon applicant's conformance with terms contained in that agreement.
- 49.0 2696 ZONE IMPROVEMENTS: Those improvements paid for or constructed by BUILDER for DISTRICT to permit the delivery of treated and construction water through the east side system to the 2911 zone water storage tank built by Kaufman & Broad to thereby utilize the 765 units on PROJECT which may be acquired by BUILDER from Kaufman & Broad.





NOT TO SCALE

LEGEND  
 --- MITTEN RANCH BOUNDARY

DISTRICT	
WATER SYSTEM AGREEMENT	
RITTER RANCH	
BOUNDARY MAP	
PROJECTED COMPLETION	DATE
DIRECTOR, INC.	MAR. 1998
DATE	8

Legal description of Ritter Ranch

BEGINNING AT THE SOUTHEAST CORNER OF SECTION 36, TOWNSHIP 6 NORTH, RANGE 13 WEST, SAID POINT BEING THE COMMON CORNER, ON THE SOUTH BOUNDARY LINE, OF TOWNSHIP 6 NORTH, RANGE 13 WEST AND TOWNSHIP 6 NORTH, RANGE 12 WEST; THENCE NORTH, ALONG THE EAST LINE OF SAID SECTION 36, TO THE NORTHEAST CORNER OF SAID SECTION 36, SAID POINT ALSO BEING THE SOUTHWEST CORNER OF SECTION 30, TOWNSHIP 6 NORTH, RANGE 12 WEST; THENCE EAST, ALONG THE SOUTH LINE OF SAID SECTION 30, TO THE SOUTH 1/4 CORNER OF SAID SECTION 30; THENCE NORTH, ALONG THE MIDSECTION LINE OF SAID SECTION 30, TO THE CENTER 1/4 CORNER OF SAID SECTION 30; THENCE WEST, ALONG THE MIDSECTION LINE OF SAID SECTION 30, TO THE WEST 1/4 CORNER OF SAID SECTION 30, SAID POINT ALSO BEING THE EAST 1/4 CORNER OF SECTION 25, TOWNSHIP 6 NORTH, RANGE 13 WEST; THENCE NORTH, ALONG THE EAST LINE OF SAID SECTION 25, TO THE NORTHEAST CORNER OF SAID SECTION 25, SAID POINT ALSO BEING THE SOUTHEAST CORNER OF SECTION 24, TOWNSHIP 6 NORTH, RANGE 13 WEST; THENCE NORTH, ALONG THE EAST LINE OF SAID SECTION 24, TO THE CENTERLINE OF ELIZABETH LAKE - PINE CANYON ROAD AS DESCRIBED IN A DEED RECORDED IN BOOK 12615 ON PAGE 27 OF OFFICIAL RECORDS OF SAID COUNTY; THENCE NORTHWESTERLY, ALONG SAID ROAD CENTERLINE TO A POINT IN SAID CENTERLINE WHICH IS THE NORTH EAST CORNER OF THAT CERTAIN PARCEL OF LAND GRANTED TO PHYLLIS J. TREMBLAY, BY DORA S. RITTER, DESCRIBED IN DOCUMENT NUMBER 78-1312819 RECORDED NOVEMBER 27, 1978, OFFICIAL RECORDS OF LOS ANGELES COUNTY; THENCE ALONG THE EAST LINE OF SAID PARCEL, SOUTH 1° 08' 37" EAST TO THE SOUTHEAST CORNER THEREOF; THENCE ALONG THE SOUTH LINE OF SAID PARCEL NORTH 88° 34' 50" WEST 500.00 FEET TO THE SOUTHWEST CORNER THEREOF; THENCE IN A STRAIGHT LINE SOUTHERLY TO A POINT IN THE SOUTH LINE OF SECTION 24, WHICH POINT LIES IN SAID LINE 1320.00 FEET WESTERLY OF THE SOUTHEAST CORNER OF SAID SECTION 24; THENCE WEST ALONG THE SOUTH

EXHIBIT "B-1"  
(continued)

LINE OF SAID SECTION 24 TO THE SOUTH 1/4 CORNER OF SAID SECTION 24; THENCE NORTHERLY ALONG THE MIDSECTION LINE TO THE CENTER SOUTH 1/16 CORNER OF SAID SECTION 24; THENCE WESTERLY ALONG THE SOUTH 1/16 LINE TO THE SOUTH 1/16 CORNER ON THE WEST LINE OF SAID SECTION 24; THENCE NORTH ALONG SAID WEST LINE, SAID LINE BEING ALSO THE EAST LINE OF SECTION 23, TOWNSHIP 6 NORTH, RANGE 13 WEST, SAN BERNARDINO MERIDIAN TO THE NORTH CORNER COMMON TO SAID SECTIONS 23 AND 24; THENCE WESTERLY ALONG THE LINE BETWEEN SECTIONS 23 AND 14, SAID TOWNSHIP AND RANGE, TO THE 1/4 CORNER ON SAID LINE; THENCE SOUTHERLY ALONG THE MIDSECTION LINE OF SECTION 23 TO THE CENTER 1/4 CORNER THEREOF; THENCE WESTERLY ALONG THE MIDSECTION LINE TO THE 1/4 CORNER BETWEEN SECTIONS 22 AND 23 OF SAID TOWNSHIP AND RANGE; THENCE SOUTHERLY ALONG THE LINE BETWEEN SAID SECTIONS 22 AND 23 TO THE SOUTH 1/16 CORNER THEREON; THENCE WESTERLY ON THE SOUTH 1/16 LINE OF SAID SECTION 22 TO THE SOUTHEAST 1/16 CORNER OF SAID SECTION 22; THENCE SOUTHERLY ALONG THE EAST 1/16 LINE OF SAID SECTION 22 TO THE EAST 1/16 CORNER BETWEEN SECTION 22 AND 27, TOWNSHIP 6 NORTH, RANGE 13 WEST; THENCE WESTERLY ALONG THE LINE BETWEEN SAID SECTIONS 22 AND 27 TO THE 1/4 CORNER THEREOF; THENCE NORTHERLY ALONG THE MIDSECTION LINE OF SAID SECTION 22 TO THE CENTER SOUTH 1/16 CORNER THEREON; THENCE WESTERLY ALONG THE SOUTH 1/16 LINE OF SAID SECTION 22 TO THE SOUTHWEST 1/16 CORNER OF SAID SECTION 22; THENCE SOUTHERLY ALONG THE WEST 1/16 LINE OF SAID SECTION 22 TO THE CENTER SOUTH SOUTHWEST 1/64 CORNER THEREON; THENCE WESTERLY ALONG THE SOUTH, SOUTH 1/64 LINE OF SAID SECTION 22, 330 FEET MORE OR LESS TO THE CENTER, EAST, SOUTHWEST, SOUTHWEST 1/256 CORNER OF SAID SECTION 22; THENCE NORTHERLY ALONG THE EAST, WEST, WEST 1/256 LINE OF SAID SECTION 22, 660 FEET MORE OR LESS TO THE CENTER, EAST, WEST, SOUTHWEST 1/256 CORNER THEREON; THENCE EASTERLY 330 FEET MORE OR LESS ALONG THE SOUTH 1/16 LINE OF SAID SECTION TO THE SOUTHWEST 1/16 CORNER OF SAID SECTION 22; THENCE NORTHERLY ALONG THE WEST 1/16 SECTION LINE TO THE CENTER WEST 1/16 CORNER OF SAID SECTION 22; THENCE EASTERLY ALONG THE MIDSECTION LINE TO THE CENTER EAST 1/16 CORNER OF SAID SECTION 22; THENCE NORTHERLY ON THE EAST 1/16 SECTION LINE TO THE NORTHEAST 1/16 CORNER OF SAID SECTION 22; THENCE EASTERLY ALONG THE NORTH 1/16 SECTION LINE TO THE NORTH

EXHIBIT "B-1"  
(continued)

1/16 CORNER ON THE LINE BETWEEN SECTION 22 AND 23 AS DEFINED BY BRASS CAP MONUMENTS SET BY THE LOS ANGELES COUNTY SURVEYOR IN 1936; THENCE NORTHERLY ALONG SAID MONUMENTED LINE TO THE CENTERLINE OF ELIZABETH LAKE ROAD AS DESCRIBED IN A DOCUMENT RECORDED SEPTEMBER 13, 1929 AND FILED IN BOOK 9362 AT PAGE 119, OFFICIAL RECORDS OF SAID COUNTY; THENCE NORTHWESTERLY ALONG SAID CENTERLINE THROUGH THE SEVERAL COURSES DESCRIBED THEREIN TO THE LINE BETWEEN SECTIONS 15 AND 22, TOWNSHIP 6 NORTH, RANGE 13 WEST AS DEFINED BY BRASS CAP MONUMENTS SET BY THE LOS ANGELES COUNTY SURVEYOR IN 1936; THENCE EASTERLY ALONG SAID LINE TO THE INTERSECTION OF SAID LINE WITH THE NORTHERLY RIGHT OF WAY OF ELIZABETH LAKE ROAD 60 FEET WIDE AS SHOWN ON LOS ANGELES COUNTY SURVEYORS MAP NUMBER B-1352 SHEET 1, RECORDS OF SAID COUNTY ENGINEER; THENCE NORTHWESTERLY ALONG SAID NORTHERLY RIGHT OF WAY LINE AND ALONG THE SEVERAL COURSES THEREIN TO THE LINE BETWEEN SECTION 15 AND 16 AS SHOWN ON SAID MAP; THENCE SOUTHERLY ALONG SAID SECTION LINE TO THE CENTERLINE OF ELIZABETH LAKE ROAD AS SHOWN ON SAID MAP; THENCE NORTHWESTERLY ALONG THE SEVERAL COURSES IN SAID CENTERLINE TO ITS INTERSECTION WITH THE NORTH-SOUTH MIDSECTION LINE OF SECTION 16, TOWNSHIP 6 NORTH, RANGE 13 WEST, SAN BERNARDINO MERIDIAN; THENCE NORTHERLY ALONG SAID MIDSECTION LINE TO THE CENTER 1/4 CORNER OF SAID SECTION 16; THENCE WESTERLY ALONG THE MIDSECTION LINE TO THE WEST LINE OF THE EAST TWO THIRDS OF THE NORTHEAST QUARTER OF THE SOUTHWEST QUARTER OF SAID SECTION 16; THENCE SOUTHERLY ALONG SAID LINE 990 FEET MORE OR LESS TO THE SOUTH, NORTH, SOUTH 1/256 LINE OF SAID SECTION 16; THENCE EASTERLY ALONG SAID LINE TO THE CENTER SOUTH NORTH SOUTH 1/256 CORNER OF SAID SECTION 16; THENCE SOUTHERLY ALONG THE MIDSECTION LINE TO THE CENTER, SOUTH, SOUTH 1/64 CORNER OF SAID SECTION 16; THENCE WESTERLY ALONG THE SOUTH, SOUTH 1/64 LINE OF SAID SECTION TO THE SOUTH, SOUTH 1/64 CORNER BETWEEN SECTIONS 16 AND 17 OF SAID TOWNSHIP AND RANGE; SAID POINT ALSO BEING ON THE CENTERLINE OF BOUQUET CANYON ROAD; THENCE SOUTH, ALONG THE WEST LINE OF SAID SECTION 16 AND THE CENTERLINE OF BOUQUET CANYON ROAD, AS PER LOS ANGELES COUNTY SURVEYORS MAP C.S.B. 438-11, TO THE SOUTHWEST CORNER OF SAID SECTION 16, SAID POINT ALSO BEING THE NORTHWEST CORNER OF SECTION 21, TOWNSHIP 6 NORTH, RANGE 13 WEST; THENCE SOUTH, CONTINUING

EXHIBIT "B-1"  
(continued)

ALONG SAID ROAD CENTERLINE AND SAID WEST LINE OF SECTION 21, TO A POINT OF CURVE IN SAID CENTERLINE OF BOUQUET CANYON ROAD; THENCE SOUTH, LEAVING SAID ROAD CENTERLINE, CONTINUING ALONG SAID WEST LINE OF SECTION 21, TO THE SOUTH 1/16 LINE OF SAID SECTION 21; THENCE EAST, ALONG THE SOUTH 1/16 LINE OF SAID SECTION 21, TO THE WEST 1/16 LINE OF SAID SECTION 21; THENCE SOUTH, ALONG THE WEST 1/16 LINE OF SAID SECTION 21, TO THE SOUTH LINE OF SAID SECTION 21; THENCE EAST, ALONG THE SOUTH LINE OF SAID SECTION 21, SAME BEING THE NORTH LINE OF SECTION 28, TOWNSHIP 6 NORTH, RANGE 13 WEST TO THE NORTH 1/4 CORNER OF SAID SECTION 28; THENCE SOUTH, ALONG THE MIDSECTION LINE OF SAID SECTION 28, TO THE NORTH 1/16 LINE OF SAID SECTION 28; THENCE WEST, ALONG THE NORTH 1/16 LINE OF SAID SECTION 28 TO THE WEST LINE OF SAID SECTION 28, SAME BEING THE SOUTHEAST CORNER OF GOVERNMENT LOT 1 OF SECTION 29, TOWNSHIP 6 NORTH, RANGE 13 WEST; THENCE WEST, ALONG THE SOUTH LINE OF GOVERNMENT LOT 1 TO THE SOUTHWEST CORNER THEREOF; THENCE NORTH ALONG THE WEST LINE OF GOVERNMENT LOT 1 TO THE NORTH LINE OF SAID SECTION 29; THENCE WEST, ALONG THE NORTH LINE OF SAID SECTION 29; TO THE WEST 1/16 CORNER OF SAID SECTION 29; THENCE SOUTH, ALONG THE WEST 1/16 LINE OF SAID SECTION 29; TO THE NORTHWEST 1/16 CORNER OF SAID SECTION 29; THENCE WEST, ALONG THE NORTH 1/16 LINE OF SAID SECTION 29, TO THE NORTH 1/16 CORNER ON THE WEST LINE OF SAID SECTION 29, THENCE SOUTH, ALONG THE WEST LINE OF SAID SECTION 29, TO THE SOUTHWEST CORNER OF SAID SECTION 29, SAID POINT ALSO BEING THE NORTHWEST CORNER OF SECTION 32, TOWNSHIP 6 NORTH, RANGE 13 WEST; THENCE SOUTH, ALONG THE WEST LINE OF SAID SECTION 32, TO THE SOUTHWEST CORNER OF SAID SECTION 32, SAID POINT ALSO BEING ON THE TOWNSHIP LINE BETWEEN TOWNSHIP 6 NORTH AND TOWNSHIP 5 NORTH; THENCE EAST ALONG SAID TOWNSHIP LINE AND SAID SOUTH LINE OF SECTION 32 TO THE COMMON SOUTHERLY CORNER OF SECTION 32 AND SECTION 33 OF SAID TOWNSHIP 6 NORTH, RANGE 13 WEST, SAID POINT BEING ON THE NORTH LINE OF SECTION 5, TOWNSHIP 5 NORTH, RANGE 13 WEST; THENCE EAST, ALONG THE NORTH LINE OF SAID SECTION 5 AND SAID TOWNSHIP LINE, TO THE NORTHEAST CORNER OF SAID SECTION 5, SAID POINT ALSO BEING THE NORTHWEST CORNER OF SECTION 4, TOWNSHIP 5 NORTH, RANGE 13 WEST; THENCE SOUTH ALONG THE WEST LINE OF SAID SECTION 4, TO THE SOUTHWEST CORNER OF SAID SECTION 4; THENCE EAST, ALONG THE SOUTH LINE

EXHIBIT "B-1"  
(continued)

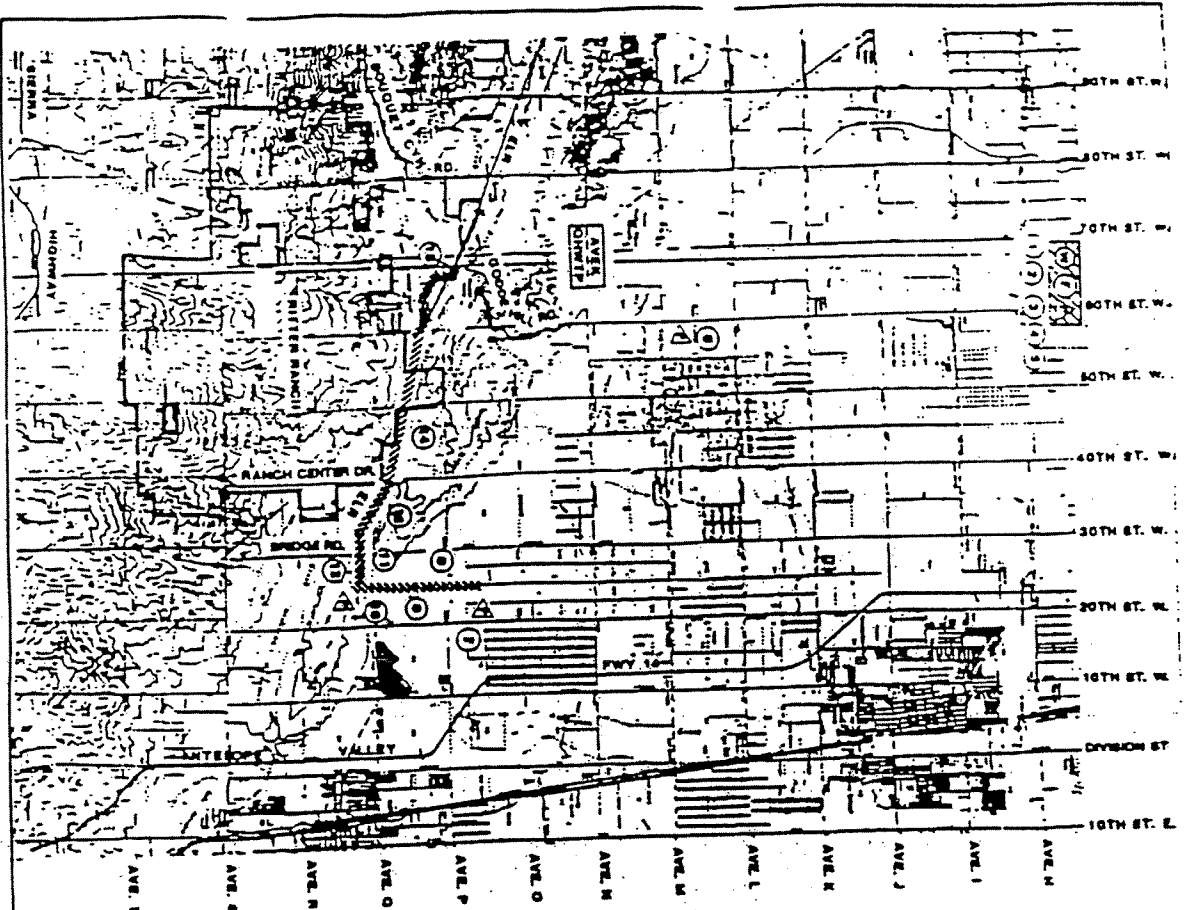
OF SAID SECTION 4, TO THE SOUTHEAST CORNER OF SAID SECTION 4, SAID POINT ALSO BEING THE SOUTHWEST CORNER OF SECTION 3, TOWNSHIP 5 NORTH, RANGE 13 WEST; THENCE EAST ALONG THE SOUTH LINE OF SAID SECTION 3, TO THE SOUTHEAST CORNER OF SAID SECTION 3; THENCE NORTH ALONG THE EAST LINE OF SAID SECTION 3, TO THE SOUTH 1/16 CORNER ON SAID LINE, SAID POINT ALSO BEING THE SOUTH 1/16 CORNER OF THE WEST LINE OF SECTION 2, TOWNSHIP 5 NORTH, RANGE 13 WEST; THENCE EAST, ALONG THE SOUTH 1/16 LINE OF SAID SECTION 2, TO THE SOUTH 1/16 CORNER ON THE LINE BETWEEN SAID SECTION 2 AND SECTION 1 OF SAID TOWNSHIP 5 NORTH, RANGE 13 WEST; THENCE EAST, ALONG THE SOUTH 1/16 LINE OF SAID SECTION 1, TO THE SOUTHWEST 1/16 CORNER OF SAID SECTION 1; THENCE NORTH, ALONG THE WEST 1/16 LINE OF SAID SECTION 1, TO THE CENTER WEST 1/16 CORNER OF SAID SECTION 1; THENCE EAST, ALONG THE MIDSECTION LINE OF SAID SECTION 1, TO THE CENTER 1/4 CORNER OF SAID SECTION 1; THENCE NORTH ALONG THE MIDSECTION LINE OF SAID SECTION 1, TO A POINT ON THE SOUTH BOUNDARY OF A TRACT OF LAND DESCRIBED IN DEED TO THE CITY OF LOS ANGELES, RECORDED SEPTEMBER 18, 1978 AS INSTRUMENT NO. 78-1029655, LOS ANGELES COUNTY RECORDS; THENCE WEST, ALONG SAID SOUTH BOUNDARY LINE; TO A POINT BEING THE INTERSECTION OF A SOUTHERLY PROLONGATION OF THE EAST LINE OF SECTION 36, TOWNSHIP 6 NORTH, RANGE 13 WEST WITH SAID SOUTH BOUNDARY LINE; THENCE NORTH, ALONG SAID SOUTHERLY PROLONGATION LINE, TO THE SOUTHEAST CORNER OF SECTION 36, TOWNSHIP 6 NORTH, RANGE 13 WEST, SAID POINT ALSO BEING THE POINT OF BEGINNING.

METES AND BOUNDS DESCRIPTIONS CONTAINED HEREIN ARE REFERRED TO CORNER MARKINGS FOR SUBDIVISION OF SECTION LINES AS PER THE 1973 BUREAU OF LAND MANAGEMENT MANUAL OF SURVEYING INSTRUCTIONS.

EXHIBIT "B-2"

Ritter Ranch Development  
Equivalent Dwelling Units  
and Water Supply Demands

Description	Number of EDUs	Normal Average Maximum Daily Demand (at 1670 gpd/EDU)		Conservation Average Maximum Daily Demand (at 600 gpd/EDU)	
		(gpm)	(MGD)	(gpm)	(MGD)
TREATED WATER					
Residential	7,200	8,352	12.03	3,001	4.32
Commercial	220	255	0.37	92	0.13
Public Buildings	495	574	0.83	206	0.30
Parks, greenbelts and landscape areas above 3240 zone	1,310	1,519	2.19	546	0.79
TOTAL	9,225	10,700	15.41	3,844	5.54



LEGEND

215 FT SERVICE ZONE

- 1 2-1/2" GPM WELLS AND DISCHARGE MAIN IN VICINITY OF Q12/75W
- 2 WELL DISCHARGE MAIN IN VICINITY OF Q12/75W
- 3 CHLORINATION STATION IN VICINITY OF Q12/75W
- 4 12 INCH FOREBAY AND PUMP IN VICINITY OF Q12/75W
- 5 4000 GPM PUMPING STATION IN VICINITY OF Q12/75W
- 6 4000 GPM PUMPING STATION IN VICINITY OF L12/80W
- 7 215 FT SERVICE ZONE
- 8 18,750 GPM PUMPING STATION IN VICINITY OF Q-2/25W
- 9 24-INCH WATER MAIN, 25W/25W TO P/25W
- 10 24-INCH WATER MAIN, P/25W TO 2200 FEET SOUTH OF AVENUE P
- 11 24-INCH WATER MAIN, 25W FROM 2,200 FEET SOUTH OF AVENUE P TO ELN
- 12 24-INCH WATER MAIN, 25W/ELN TO ELN/BRIDGE NO.
- 13 215 FT SERVICE ZONE
- 14 18,750 GPM PUMPING STATION IN VICINITY OF ELN/BRIDGE NO.
- 15 24-INCH WATER MAIN, ELN/BRIDGE NO TO ELN/RANCH CENTER ON
- 16 24-INCH WATER MAIN, ELN/RANCH CENTER ON TO ELN/ENTRANCE PLANNING AREA 1K
- 17 24-INCH WATER MAIN, ELN/ENTRANCE PLANNING AREA 1K VIA ON-SITE STREETS TO ELN/000000 HILL NO.

SYMBOLS

- DISTRICT WATER MAIN
- WELL
- FOREBAY
- △ PUMPING STATION

DISTRICT	
WATER SYSTEM AGREEMENT	
RITTER RANCH	
OFF-SITE WATER SYSTEM	
PROJECT	
PROJECT CONSULTING	DATE
CHARTERED, INC.	MAY, 1988
10000 10000 10000 10000 10000 10000 10000 10000 10000 10000	C



EXHIBIT "C-1"

Tabulation of Ritter Ranch Offsite Water System PROJECT  
Constructed for DISTRICT

- (1) Construct 2 - 2,000 gpm wells in the vicinity of Avenue G-12 and 70th Street West plus an additional well at \$300,000 if two wells do not equal 4,000 gpm and/or additional standby is required over and above the 3,844 gpm needed for the DEVELOPMENTS.
- (2) Construct 2,000 feet of 12-inch well discharge main in the vicinity of Avenue G-12 and 70th Street West.
- (3) Construct a chlorination station in the vicinity of Avenue G-12 and 70th Street West.
- (4) Construct a 1.2 MG forebay and piping in the vicinity of Avenue G-12 and 70th Street West.
- (5) Construct a 4,000 gpm pumping station in the vicinity of Avenue G-12 and 70th Street West.
- (6) Construct a 4,000 gpm pumping station in the vicinity of Avenue L-12 and 60th Street West.
- (7) Construct a 10,700 gpm pumping station in the vicinity of Avenue O-8 and 25th Street West. Facility will boost water from future AVEK Turnout and 48-inch South Feeder Parallel Pipeline.
- (8) Construct a 36-inch diameter water transmission main in 25th Street West from Avenue O-8 to Avenue P.
- (9) Payment for portion of existing 36-inch water transmission main in 25th Street West from Avenue P to 5,300 feet south of Avenue P.
- (10) Construct a 36-inch water transmission main in 25th Street West from 5,300 feet south of Avenue P to Elizabeth Lake Road (ELR).
- (11) Construct a 36-inch water transmission main in Elizabeth Lake Road from 25th Street West to future Bridge Road.
- (12) Construct a 10,700 gpm pumping station in the vicinity of Elizabeth Lake Road and future Bridge Road.
- (13) Construct a 30-inch water transmission main in Elizabeth Lake Road from future Bridge Road to 8,500 feet west of future Bridge Road to future Ranch Center Drive.
- (14) Construct a 20-inch water transmission main in Elizabeth Lake Road from future Ranch Center Drive to 3,300 feet west of Ranch Center Drive to Santa Fe Hills entrance and then 10,300 feet further west to the entrance to Planning Area 1K.
- (15) Construct a 20-inch water transmission main from Elizabeth Lake Road in an onsite street paralleling Elizabeth Lake Road for 8,500 feet to Ritter Ranch Road then north in Ritter Ranch Road for 1,200 feet to Elizabeth Lake Road and Godde Hill Road.

EXHIBIT "C-2"

EXHIBIT "C-2"

Estimated Construction Cost of Ritter Ranch Offsite Water System PROJECT  
Constructed for DISTRICT

INITIAL PROJECT FEATURE	ULTIMATE PROJECT FEATURE TOTAL ECC	INITIAL PROJECT FEATURE TOTAL ECC	BUILDER PROJECT FEATURE TOTAL ECC	PARTICIPANT PROJECT FEATURE REIMBURSABLE TOTAL ECC	PUBLIC FINANCING DISTRICT ELIGIBLE PROJECT FEATURE TOTAL ECC
1. Construct 2 - 2,000 gpm wells in the vicinity of Avenue G-12 and 70th Street West. Plus an additional well at \$300,000 if two wells do not equal 4,000 gpm and/or additional water supply is required over and above the 3,844 gpm needed by DEVELOPMENT.	\$ 600,000	\$ 600,000	\$ 600,000		
2. Construct 2,000 feet of 12-inch well discharge main in the vicinity of Avenue G-12 and 70th Street West.	\$ 173,000	\$ 173,000	\$ 173,000		
3. Construct a chlorination station in the vicinity of Avenue G-12 and 70th Street West. Cost share between BUILDER and PARTICIPANT: (3,844/20,000)	\$ 100,000	\$ 50,000	\$ 19,000	\$ 31,000	
4. Construct a 1.2 MG forebay and piping in the vicinity of Avenue G-12 and 70th Street West. Cost share between BUILDER and PARTICIPANT: (3,844/20,000)	\$1,980,000	\$ 990,000	\$ 381,000	\$ 609,000	
5. Construct a 4,000 gpm pumping station in the vicinity of Avenue G-12 and 70th Street West. Cost share between BUILDER and PARTICIPANT: (3,844/20,000)	\$1,000,000	\$ 600,000	\$ 192,000	\$ 408,000	
6. Construct a 4,000 gpm pumping station in the vicinity of Avenue L-12 and 60th Street West. Cost share between BUILDER and PARTICIPANT: (3,844/20,000)	\$1,000,000	\$ 600,000	\$ 192,000	\$ 408,000	
7. Construct a 10,700 gpm pumping station in the vicinity of Avenue O-8 and 25th Street West. Facility will boost water from AVEK's Turnout and 48-inch South Feeder Parallel Pipeline. Cost share between BUILDER and PARTICIPANT: (10,700/20,000)	\$1,000,000	\$ 750,000	\$ 535,000	\$ 215,000	\$ 750,000
8. Construct a 36-inch water transmission main in 25th Street West from Avenue O-8 to Avenue P. Cost share between BUILDER and PARTICIPANT: (10,700/20,000)	\$ 333,000	\$ 333,000	\$ 178,000	\$ 155,000	\$ 333,000

**EXHIBIT "C-2"**  
(continued)

INITIAL PROJECT FEATURE	ULTIMATE PROJECT FEATURE TOTAL ECC	INITIAL PROJECT FEATURE TOTAL ECC	BUILDER PROJECT FEATURE TOTAL ECC	PARTICIPANT PROJECT FEATURE REIMBURSABLE TOTAL ECC	PUBLIC FINANCING DISTRICT ELIGIBLE PROJECT FEATURE TOTAL ECC
9. Payment for portion of existing 36-inch water transmission main in 25th Street West from Avenue P to 5,300 feet south of Avenue P. (No contingency or 8% Administrative Fee shall be paid for this cost as the feature is already installed.) Cost share between BUILDER and PARTICIPANT: (10,700/22,340)	\$ 668,000	\$ 668,000	\$ 320,000	\$ 348,000	\$ 668,000
10. Construct a 36-inch water transmission main in 25th Street West from 5,300 feet south of Avenue P to Elizabeth Lake Road. Cost share between BUILDER and PARTICIPANT: (10,700/22,340)	\$ 157,000	\$ 157,000	\$ 75,000	\$ 82,000	\$ 157,000
11. Construct a 36-inch water transmission main in Elizabeth Lake Road from 25th Street West to future Bridge Road. Cost share between BUILDER and PARTICIPANT: (10,700/26,333)	\$ 254,000	\$ 254,000	\$ 103,000	\$ 151,000	\$ 254,000
12. Construct a 10,700 gpm pumping station in the vicinity of Elizabeth Lake Road and future Bridge Road. Cost share between BUILDER and PARTICIPANT: (10,700/26,333)	\$1,000,000	\$1,000,000	\$ 406,000	\$ 594,000	\$1,000,000
13. Construct a 30-inch water transmission main in Elizabeth Lake Road from future Bridge Road to 8,300 feet west of future Bridge Road to future Ranch Center Drive. Cost share between BUILDER and PARTICIPANT: (10,700/13,400)	\$1,054,000	\$1,054,000	\$ 732,000	\$ 322,000	\$1,054,000
14. Construct a 20-inch water transmission main in Elizabeth Lake Road from future Ranch Center Drive to 3,300 feet west to Santa Fe Hills entrance and then 10,300 feet to the entrance of Planning Area 1K. Cost share between BUILDER and PARTICIPANT: 3,500 feet @ (2,165/6,865) 7,800 feet @ (2,165/4,365)	\$1,170,000	\$1,170,000	\$ 529,000	\$ 641,000	\$1,170,000

**EXHIBIT "C-2"**  
(continued)

INITIAL PROJECT FEATURE	ULTIMATE PROJECT FEATURE TOTAL ECC	INITIAL PROJECT FEATURE TOTAL ECC	BUILDER PROJECT FEATURE TOTAL ECC	PARTICIPANT PROJECT FEATURE REIMBURSABLE TOTAL ECC	PUBLIC FINANCING DISTRICT ELIGIBLE PROJECT FEATURE TOTAL ECC
15. Construct a 20-inch water transmission main from Elizabeth Lake Road at the entrance to Planning Area 1K in an onsite street paralleling Elizabeth Lake Road for 9,700 feet to Ritter Ranch Road, Godde Hill Road, and Elizabeth Lake Road. Cost share between BUILDER and PARTICIPANT: (2,165/4,365)	\$ 834,000	\$ 834,000	\$ 414,000	\$ 420,000	\$ 834,000
SUBTOTAL	\$11,323,000	\$ 9,233,000	\$4,849,000	\$4,384,000	\$6,220,000
16. Contingencies (15% for PROJECT features to be constructed. Note: Does not include Item 9 above).	\$ 1,598,000	\$ 1,285,000	\$ 679,000	\$ 606,000	\$ 833,000
SUBTOTAL	\$12,921,000	\$10,518,000	\$5,528,000	\$4,990,000	\$7,053,000
17. Preliminary engineering and legal services including groundwater feasibility studies, survey of water well sites, water system master plan studies, preparation of environmental documents and water system agreement for water system service and Public Financing District. Already paid by BUILDER.	\$ 613,000	\$ 493,000	\$ 260,000	\$ 233,000	\$ 319,000
18. Final design, engineering and construction services.	\$ 1,470,000	\$ 1,182,000	\$ 625,000	\$ 557,000	\$ 766,000
TOTAL ECC	\$15,004,000	\$12,193,000	\$6,413,000	\$5,780,000	\$8,138,000
19. BUILDER's Administrative Fee (8% TOTAL ECC above; does not include Item 9 above)	\$ 1,147,000	\$ 922,000	\$ 487,000	\$ 433,000	\$ 598,000
20. Land for Utility Sites and Right-of-Way Costs	\$ 500,000	\$ 500,000	\$ 263,000	\$ 237,000	\$ 200,000
TOTAL of PROJECT	\$16,651,000	\$13,615,000	\$7,163,000	\$6,452,000	\$8,936,000

# LEGEND

- ① AVEK METERING STATION, L12/80W
- ② 48-INCH AVEK SOUTH FEEDER PARALLEL PIPELINE, N/50W TO O8/25W
- ③ AVEK TURNOUT, O8/25W

## SYMBOLS

SOUTH FEEDER PARALLEL PIPELINE

METERING STATION

TURNOUT

DISTRICT  
WATER SYSTEM AGREEMENT

BITTER RANCH  
AVEK FACILITIES

PROJECT  
ENGINEERING, INC.  
DATE  
MAR. 1992  
C-3

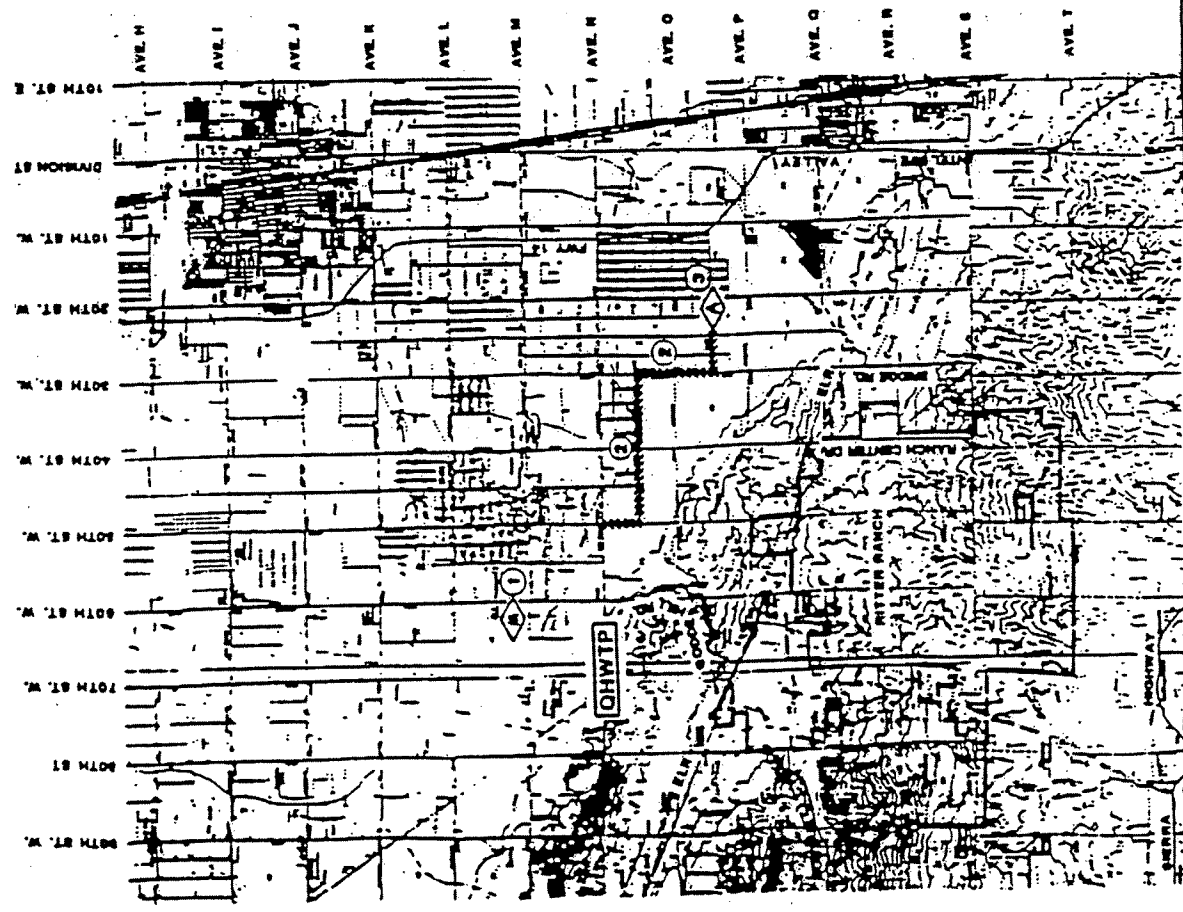
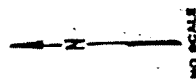


EXHIBIT "C-4"

Tabulation of AVEK Facilities  
Constructed by Ritter Ranch

- (1) Construct BUILDER's share of 25 cfs AVEK metering station in the vicinity of Avenue L-12 and 60th Street West to meter water to AVEK's 60th Street West Lateral and South Feeder System.
- (2) Construct a 48-inch AVEK South Feeder Parallel Pipeline beginning at the intersection of Avenue N and 50th Street West, in 50th Street West to Avenue N-8, in Avenue N-8 to 30th Street West, in 30th Street West to Avenue O-8, in Avenue O-8 to 25th Street West, a distance of approximately four miles.
- (3) Construct a 25 cfs AVEK turnout in the vicinity of Avenue O-8 and 25th Street West.

**EXHIBIT "C-5"**

**Estimated Construction Cost of AVEK Facilities  
Constructed by Ritter Ranch**

AVEK FACILITIES	AVEK FACILITIES TOTAL ECC	BUILDER AVEK FACILITIES FOR CREDITS TOTAL ECC	OTHER DEVELOPERS AVEK FACILITIES FOR CREDITS TOTAL ECC	BUILDER AVEK FACILITIES NOT FOR CREDITS TOTAL ECC	OTHER DEVELOPERS AVEK FACILITIES NOT FOR CREDITS REIMBURSE- MENT TOTAL ECC	PUBLIC FINANCING DISTRICT ELIGIBLE AVEK FACILITIES TOTAL ECC
1. Construct Builder's share of 25 cfs AVEK metering station in the vicinity of Avenue L-12 and 60th Street West to meter water to AVEK's 60th Street West Lateral and South Feeder System.	\$ 150,000			\$ 112,000	\$ 38,000	\$ 150,000
2. Construct a 48-inch AVEK South Feeder Parallel Pipeline beginning at the intersection of Avenue M and 50th Street West, in 50th Street West to Avenue N-8, in Avenue N-8 to 30th Street West, in 30th Street West to Avenue O-8, in Avenue O-8 to 25th Street West, a distance of four miles.	\$4,300,000	\$1,095,000	\$3,205,000			\$4,300,000
3. Construct a 25 cfs AVEK turnout in the vicinity of Avenue O-8 and 25th Street West.	\$ 250,000			\$ 238,000	\$ 12,000	\$ 250,000
<b>SUBTOTAL</b>	<b>\$4,700,000</b>	<b>\$1,095,300</b>	<b>\$3,205,000</b>	<b>\$ 350,000</b>	<b>\$ 50,000</b>	<b>\$4,700,000</b>
4. Contingencies for AVEK facilities to be constructed for \$4,700,000.	\$ 200,000	\$ 47,000	\$ 136,000	\$ 15,000	\$ 2,000	\$ 200,000
5. Preliminary engineering and legal services including rights-of-way, feasibility studies, survey of sites, preparation of environmental documents and AVEK water supply capacity charge agreement.	\$ 438,000	\$ 102,000	\$ 299,000	\$ 32,000	\$ 5,000	\$ 438,000
6. Final design, engineering and construction services.	\$ 600,000	\$ 140,000	\$ 409,000	\$ 45,000	\$ 6,000	\$ 600,000
<b>TOTAL ECC</b>	<b>\$5,938,000</b>	<b>\$1,384,000</b>	<b>\$4,049,000</b>	<b>\$ 442,000</b>	<b>\$ 63,000</b>	<b>\$5,938,000</b>
7. BUILDER's Administrative Fee (8% of TOTAL ECC above).	\$ 450,000	\$ 115,000	\$ 335,000	\$ ---	\$ ---	\$ 450,000
8. Land for Utility Sites and Right-of-Way Costs	\$ 700,000	\$ 163,000	\$ 477,000	\$ 53,000	\$ 7,000	\$ 700,000
<b>TOTAL of AVEK Facilities</b>	<b>\$7,088,000</b>	<b>\$1,662,000</b>	<b>\$4,861,000</b>	<b>\$ 495,000</b>	<b>\$ 70,000</b>	<b>\$7,088,000</b>





EXHIBIT "C-7"

Tabulation of Ritter Ranch Onsite Water System Facilities  
Constructed for DISTRICT

3240-FOOT ZONE

- (1) Construct a 24-inch water main in planning areas 5A thru 5P, 5O, 5T thru 5X and 4I.
- (2) Construct a 2.0 MG reservoir in planning areas 5A thru 5P, 5O, 5T thru 5X and 4I.
- (3) Construct a 12-inch water main in planning area 3A.
- (4) Construct a 16-inch water main in planning areas 1I and 1N and the golf course.
- (5) Construct a 12-inch water main in planning areas 1A, 1C, 1D, 1F and 1H thru 1N.
- (6) Construct a 1.2 MG reservoir in planning areas 1A, 1C, 1D, 1F and 1H thru 1N.

3430-FOOT ZONE

- (7) Construct a 7,300 gpm pumping station in planning areas 5G thru 5N, 5P thru 5S, 4G, 6H, 6I, 6U, 6W, and 6X.
- (8) Construct a 24-inch water main in planning areas 5G thru 5N, 5P thru 5S, 4G, 6H, 6I, 6U, 6W, and 6X.
- (9) Construct a 16-inch water main in planning areas 5G thru 5N, 5P thru 5S, 4G, 6H, 6I, 6U, 6W, and 6X.
- (10) Construct a 3.7 MG reservoir in planning areas 5G thru 5N, 5P thru 5S, 4G, 6H, 6I, 6U, 6W, and 6X.
- (11) Construct a pressure reducing station in planning areas 5G thru 5N, 5P thru 5S, 4G, 6H, 6I, 6U, 6W, and 6X.
- (12) Construct a 1,350 gpm pumping station in planning area 3A.
- (13) Construct a 1,900 gpm pumping station in planning areas 1B, 1C, 1E, 2A, 2B, 2C, and 2F.
- (14) Construct a 16-inch water main in planning areas 1B, 1C, 1E, 2A, 2B, 2C, and 2F.
- (15) Construct a 2.0 MG reservoir in planning areas 1B, 1C, 1E, 2A, 2B, 2C, and 2F.
- (16) Construct a pressure reducing station in planning areas 1B, 1C, 1E, 2A, 2B, 2C, and 2F.

EXHIBIT "C-7"  
(continued)

3620-FOOT ZONE

- (17) Construct a 4,400 gpm pumping station in planning areas 2E, 4E thru 4F, and 6B.
- (18) Construct a 16-inch water main in planning areas 2E, 4E thru 4F, and 6B.
- (19) Construct a 2.0 MG reservoir in planning areas 2E, 4E thru 4F, and 6B.
- (20) Construct a 12-inch water main in planning areas 2E, 4E thru 4F, and 6B.
- (21) Construct a pressure reducing station in planning areas 2E, 4E thru 4F, and 6B.
- (22) Construct a 12-inch water main in planning areas 6S and 6U.

3810-FOOT ZONE

- (23) Construct a 3,000 gpm pumping station in planning areas 6A and 6B.
- (24) Construct a 12-inch water main in planning areas 6A and 6B.
- (25) Construct a 0.8 MG reservoir in planning areas 6A and 6B.
- (26) Construct a pressure reducing station in planning areas 6A and 6B.
- (27) Construct a pressure reducing station in planning area 6K.
- (28) Construct a 12-inch water main in planning area 6K.
- (29) Construct a pressure reducing station in planning area 6Q and 6T.
- (30) Construct a 12-inch water main in planning area 6Q and 6T.
- (31) Construct a 2,400 gpm pumping station in planning areas 6L and 6K.
- (32) Construct a 12-inch water main in planning areas 6L and 6K.
- (33) Construct a 0.8 reservoir in planning areas 6L and 6K.
- (34) Construct a pressure reducing station in planning areas 6L and 6K.
- (35) Construct a pressure reducing station in planning area 6C.
- (36) Construct a 12-inch water main in planning area 6C.
- (37) Construct a pressure reducing station in planning area 6Q.
- (38) Construct a 12-inch water main in planning area 6Q.

EXHIBIT "C-7"  
(continued)

4255-FOOT ZONE

- (39) Construct a 1,900 gpm pumping station in planning areas 6D, 6M, 6N, and 6K.
- (40) Construct a 12-inch water main in planning areas 6D, 6M, 6N, and 6K.
- (41) Construct a 16-inch water main in planning areas 6D, 6M, 6N, and 6K.
- (42) Construct a 2.0 MG reservoir in planning areas 6D, 6M, 6N, and 6K.

Estimated Construction Cost of Ritter Ranch Onsite Water System Facilities  
Constructed for DISTRICT

JOURNAL OF CLIMATE

EXHIBIT "C-8"  
(continued)

ONSITE WATER SYSTEM FACILITIES	BUILDER ONSITE FACILITIES TOTAL ECC
3810-FOOT ZONE	
23. 3,000 gpm pumping station	\$ 550,400
24. 12-inch water main	185,200
25. 0.8 MG reservoir	400,000
26. Pressure reducing station	54,800
27. Pressure reducing station	54,800
28. 12-inch water main	100,900
29. Pressure reducing station	54,800
30. 12-inch water main	100,900
4000-FOOT ZONE	
31. 2,400 gpm pumping station	\$ 500,000
32. 12-inch water main	268,700
33. 0.8 MG reservoir	400,000
34. Pressure reducing station	54,800
35. Pressure reducing station	54,800
36. 12-inch water main	151,300
37. Pressure reducing station	54,800
38. 12-inch water main	100,900
4255-FOOT ZONE	
39. 1,900 gpm pumping station	\$ 500,000
40. 12-inch water main	151,300
41. 16-inch water main	157,400
42. 2.0 MG reservoir	1,000,000
SUBTOTAL	\$15,908,700
Contingencies (15% for Facilities to be Constructed)	2,386,300

EXHIBIT "C-8"  
(continued)

ONSITE WATER SYSTEM FACILITIES	BUILDER ONSITE FACILITIES TOTAL ECC
Preliminary engineering and legal services including water system master plan studies, preparation of environmental documents, and water system agreement	914,800
Final design, engineering, and construction services	2,195,400
TOTAL ECC	21,405,200
Builder's Administrative Fee (8% of TOTAL ECC)	1,712,400
Land for Utility Sites and Right of Way	2,000,000
TOTAL OF FACILITIES	\$25,117,600

## EXHIBIT "C-9"

PROJECT PHASING and Required Deposits for PROJECT  
Constructed for DISTRICT

INITIAL PROJECT FEATURE	ULTIMATE PROJECT FEATURE TOTAL ECC	INITIAL PROJECT FEATURE TOTAL ECC	BUILDER PROJECT FEATURE TOTAL ECC	PARTICI- PANT PROJECT FEATURE REIMBUR- SABLE TOTAL ECC	PUBLIC FINANCING DISTRICT ELIGIBLE PROJECT FEATURE TOTAL ECC	PROJECT FEATURE PHASING ECC AND TIME OF PAYMENT
1. Construct 2 - 2,000 gpm wells in the vicinity of Avenue G-12 and 70th Street West. Plus an additional well at \$300,000 if two wells do not equal 4,000 gpm and/or additional water supply is required over and above the 3,844 gpm needed by DEVELOPMENT.	\$ 600,000	\$ 600,000	\$ 600,000			Commence 4th Quarter 1995. Complete by 2nd Quarter 1996.
2. Construct 2,000 feet of 12-inch well discharge main in the vicinity of Avenue G-12 and 70th Street West.	\$ 173,000	\$ 173,000	\$ 173,000			Commence 4th Quarter 1995. Complete by 2nd Quarter 1996.
3. Construct a chlorination station in the vicinity of Avenue G-12 and 70th Street West. Cost share between BUILDER and PARTICIPANT: (3,844/20,000)	\$ 100,000	\$ 50,000	\$ 19,000	\$ 31,000		Commence 4th Quarter 1995. Complete by 2nd Quarter 1996.
4. Construct a 1.2 MG forebay and piping in the vicinity of Avenue G-12 and 70th Street West. Cost share between BUILDER and PARTICIPANT: (3,844/20,000)	\$1,980,000	\$ 990,000	\$ 381,000	\$ 609,000		Commence 4th Quarter 1995. Complete by 2nd Quarter 1996.
5. Construct a 4,000 gpm pumping station in the vicinity of Avenue G-12 and 70th Street West. Cost share between BUILDER and PARTICIPANT: (3,844/20,000)	\$1,000,000	\$ 600,000	\$ 192,000	\$ 408,000		Commence 4th Quarter 1995. Complete by 2nd Quarter 1996.
6. Construct a 4,000 gpm pumping station in the vicinity of Avenue L-12 and 60th Street West. Cost share between BUILDER and PARTICIPANT: (3,844/20,000)	\$1,000,000	\$ 600,000	\$ 192,000	\$ 408,000		Commence 4th Quarter 1995. Complete by 2nd Quarter 1996.

**EXHIBIT "C-9"**  
(continued)

INITIAL PROJECT FEATURE	ULTIMATE PROJECT FEATURE TOTAL ECC	INITIAL PROJECT FEATURE TOTAL ECC	BUILDER PROJECT FEATURE TOTAL ECC	PARTICI- PANT PROJECT FEATURE REIMBUR- SABLE TOTAL ECC	PUBLIC FINANCING DISTRICT ELIGIBLE PROJECT FEATURE TOTAL ECC	PROJECT FEATURE PHASING ECC AND TIME OF PAYMENT
7. Construct a 10,700 gpm pumping station in the vicinity of Avenue O-B and 25th Street West. Facility will boost water from AVEK's Turnout and 48-inch South Feeder Parallel Pipeline. Cost share between BUILDER and PARTICIPANT: (10,700/20,000)	\$1,000,000	\$ 750,000	\$ 535,000	\$ 215,000	\$ 750,000	Commence 4th Quarter 1993. Complete by 2nd Quarter 1994.
8. Construct a 36-inch water transmission main in 25th Street West from Avenue O-B to Avenue P. Cost share between BUILDER and PARTICIPANT: (10,700/20,000)	\$ 333,000	\$ 333,000	\$ 178,000	\$ 155,000	\$ 333,000	Commence 4th Quarter 1993. Complete by 2nd Quarter 1994.
9. Payment for portion of existing 36-inch water transmission main in 25th Street West from Avenue P to 5,300 feet south of Avenue P. (No contingency or 8% Administrative Fee shall be paid for this cost as the feature is already installed.) Cost share between BUILDER and PARTICIPANT: (10,700/22,340)	\$ 668,000	\$ 668,000	\$ 320,000	\$ 348,000	\$ 668,000	Commence 4th Quarter 1992. Complete by 2nd Quarter 1993.
10. Construct a 36-inch water transmission main in 25th Street West from 5,300 feet south of Avenue P to Elizabeth Lake Road. Cost share between BUILDER and PARTICIPANT: (10,700/22,340)	\$ 157,000	\$ 157,000	\$ 75,000	\$ 82,000	\$ 157,000	Commence 4th Quarter 1992. Complete by 2nd Quarter 1993.
11. Construct a 36-inch water transmission main in Elizabeth Lake Road from 25th Street West to future Bridge Road. Cost share between BUILDER and PARTICIPANT: (10,700/26,333)	\$ 254,000	\$ 254,000	\$ 103,000	\$ 151,000	\$ 254,000	Commence 4th Quarter 1992. Complete by 2nd Quarter 1993.



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**EXHIBIT "C-9"**  
(continued)

INITIAL PROJECT FEATURE	ULTIMATE PROJECT FEATURE TOTAL ECC	INITIAL PROJECT FEATURE TOTAL ECC	BUILDER PROJECT FEATURE TOTAL ECC	PARTICI- PANT PROJECT FEATURE REIMBUR- SABLE TOTAL ECC	PUBLIC FINANCING DISTRICT ELIGIBLE PROJECT FEATURE TOTAL ECC	PROJECT FEATURE PHASING ECC AND TIME OF PAYMENT
SUBTOTAL	\$12,921,000	\$10,518,000	\$5,528,000	\$4,990,000	\$7,053,000	
17. Preliminary engineering and legal services including groundwater feasibility studies, survey of water well sites, water system master plan studies, preparation of environmental documents and water system agreement for water system service and Public Financing District. Already paid by BUILDER.	\$ 613,000	\$ 493,000	\$ 260,000	\$ 233,000	\$ 319,000	Commence 1st Quarter 1989. Complete by 4th Quarter 1992.
18. Final design, engineering and construction services.	\$ 1,470,000	\$ 1,182,000	\$ 625,000	\$ 557,000	\$ 766,000	Commence 4th Quarter 1992. Complete by 4th Quarter 1996.
TOTAL ECC	\$15,004,000	\$12,193,000	\$6,413,000	\$5,780,000	\$8,138,000	
19. BUILDER's Administrative Fee (8% of Total ECC above; does not include Item 9 above)	\$ 1,147,000	\$ 922,000	\$ 487,000	\$ 435,000	\$ 598,000	Commence 1st Quarter 1989. Complete by 1994.
20. Land for Utility Sites and Right-of-Way Costs	\$ 500,000	\$ 500,000	\$ 263,000	\$ 237,000	\$ 200,000	Commence 4th Quarter 1992. Complete by 2nd Quarter 1993.
TOTAL of PROJECT	\$16,651,000	\$13,615,000	\$7,163,000	\$6,452,000	\$8,936,000	

## PROJECT PHASING and Required Deposits for AVEK Facilities

**C-20**

EXHIBIT C-10  
(continued)

AVEK FACILITIES	AVEK FACILITIES TOTAL ECC	BUILDER AVEK FACILITIES FOR CREDITS TOTAL ECC	OTHER DEVELOPERS AVEK FACILITIES FOR CREDITS TOTAL ECC	BUILDER AVEK FACILITIES NOT FOR CREDITS TOTAL ECC	OTHER DEVELOPERS AVEK FACILITIES NOT FOR CREDITS REIMBURSE- MENT TOTAL ECC	PUBLIC FINANCING DISTRICT ELIGIBLE AVEK FACILITIES TOTAL ECC	AVEK FACILITIES PHASING ECC AND TIME OF PAYMENT
TOTAL ECC	\$5,938,000	\$1,384,000	\$4,049,000	\$ 442,000	\$ 63,000	\$5,938,000	
7. BUILDER's Administrative Fee (8% of TOTAL ECC above).	\$ 450,000	\$ 115,000	\$ 335,000	\$ ---	\$ ---	\$ 450,000	Commence 4th Quarter 1990. Complete by 2nd Quarter 1996.
8. Land for Utility Sites and Right-of-Way Costs	\$ 700,000	\$ 163,000	\$ 477,000	\$ 53,000	\$ 7,000	\$ 700,000	Commence 4th Quarter 1992. Complete by 2nd Quarter 1993.
TOTAL of AVEK Facilities	\$7,088,000	\$1,662,000	\$4,861,000	\$ 495,000	\$ 70,000	\$7,088,000	

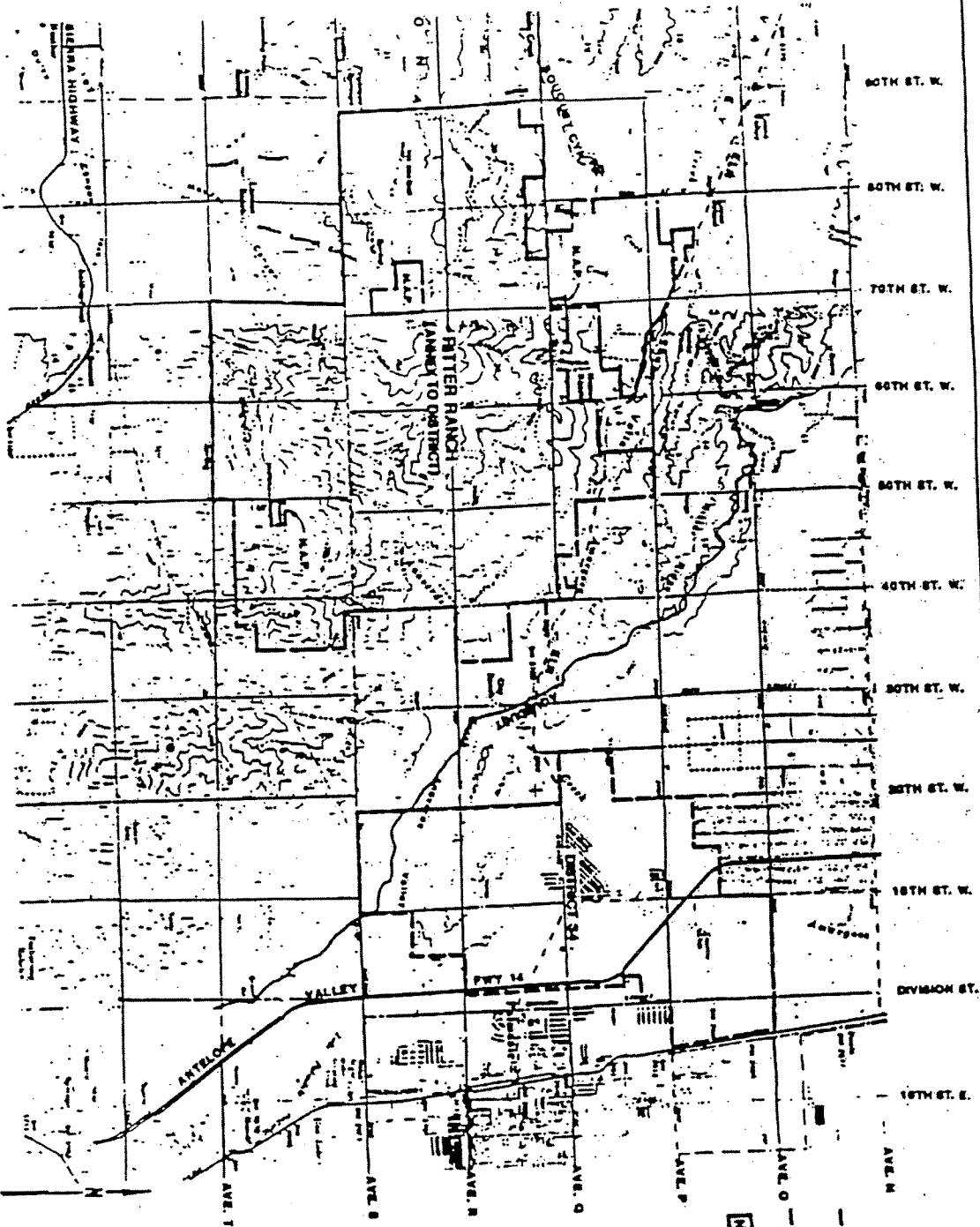




EXHIBIT "D-1"

PARTICIPANTS for Ritter Ranch Water System Agreement

PARTICIPANTS	DEVELOPMENTS	EMERGENCY OFFSITE WATER SUPPLY (GPM)
KAUFMAN AND BROAD	CITY RANCH WSA	2,155
KAUFMAN AND BROAD	CITY RANCH NORTH WSA	769
KAUFMAN AND BROAD	WEST LANCASTER WSA NO. 1	2,500
ANDREW J. ELIOPULOS	ELIOPULOS PROPERTIES	UNK
HUNTER AND HUNTER	HUNTER RANCH	359
GEORGE LANE	LANE RANCH	539
MESSER RANCH	MESSER RANCH	180
CITY THRIFT	CITY THRIFT	251
SAGEBRUSH	SAGEBRUSH	287
SANTA FE HILLS DEVELOPMENT CO.	SANTA FE HILLS	898
VALLEY RANCH	VALLEY RANCH	359
KENASHITA	KENASHITA	151
WALDEN PALMDALE VENTURES	WALDEN	77
LOS ANGELES COUNTY WATERWORKS DISTRICT NO. 4, LANCASTER	UNK	UNK
OTHER PARTICIPANTS BENEFITING FROM PROJECT	UNK	UNK



**LEGEND**

--- DISTRICT BOUNDARY

--- RITTER RANCH BOUNDARY

[MAP] NOT A PART

DISTRICT  
WATER SYSTEM AGREEMENT

DISTRICT AND RITTER RANCH  
ANNEXATION MAP

ENGINEER CONSULTING  
ENGINEERS, INC.  
SANTA MONICA, CALIFORNIA

DATE  
MAR. 1992

NOT TO SCALE



-EXHIBIT "F"-

DISTRICT Water Supply Charges

The four types of water supply charges imposed by DISTRICT on BUILDER for DEVELOPMENT are set forth below and shall not be increased nor new charges created and assessed against BUILDER:

- to credit*
- (1) ACREAGE CHARGES - Acreage charges are based on property usage and fire flow protection requirements by Los Angeles County Fire Department (LACFD) and are computed on a gross acre basis. BUILDER and PARTICIPANTS will receive credit against Acreage Charges to the extent of their financial participation in PROJECT and onsite facilities.
- to credit*
- (2) TANK CAPACITY UNIT CHARGES - Tank Capacity Unit Charges are based on water meter sizes and LACFD fire flow projection requirements. Tank capacity unit charges are calculated by multiplying Domestic Water Service Billing Units times Fire Flow Demand Units. BUILDER will receive credit against Tank Capacity Unit Charges to the extent of financial expenditures related to the design and construction of water storage facilities for each phase of PROJECT and onsite facilities.
- Construct in Lieu*
- (3) FRONTAGE CHARGES - Frontage Charges are based on benefited front footage, required fire flow and the size of the water main from which fire flow is to be available. DISTRICT shall accept fronting water mains to be installed as part of PROJECT and onsite facilities by BUILDER as part of DEVELOPMENT in lieu of the Frontage Charges.
- via*
- (4) WATER SYSTEM ENGINEERING CHARGES - These charges are made by DISTRICT to review developments, establish water system construction requirements, check plans and other documents needed for developers to carry out their construction work, inspect the construction work, process water service applications and inspect the installation of service connections and meters. There will be no Water System Engineering Charges assessed by DISTRICT for work related to PROJECT.

Charges shall be those in effect at the time when AGREEMENT is executed by DISTRICT.

EXHIBIT "F-1"

SCHEDULE OF WATER SUPPLY CHARGES  
CAPITAL IMPROVEMENT CHARGES

RULE  
4-A-1m

WATERWORKS DISTRICT NO. 34 - DESERT VIEW HIGHLANDS:

1. All lands lying within the boundaries of Waterworks District No. 34, as of July 1, 1966 and for which the Waterworks District has, at any time prior to July 1, 1966, provided water service or for which the Waterworks District was as of July 1, 1966, providing water service, are hereby deemed not to be subject to the Capital Improvement (acreage) Charges of said Waterworks District, except as stated in the first paragraph of Rule 4-A-1 and Rule 1-A-49 and any applicable parts of this subrule.

4-A-1m Added 8/66, Rev. 8/69, 4/22/75, 6/13/78 Sch. 53, 5/29/79-Sch. 62, 8/18/81-Sch. 66, 8/3/82-Sch. 67A, 8/2/83-Sch. 68, New Para. 1 and Rev. 9/4/84-Sch. 73.

4-A-1m Renumbered Para. 1 to Para. 2 and Rev. 9/4/84-Sch. 73, 8/13/85-Sch. 75.

EXHIBIT "F-1"  
(continued)

SCHEDULE OF WATER SUPPLY CHARGES  
CAPITAL IMPROVEMENT CHARGES

RULE  
4-A-1m

WATERWORKS DISTRICT NO. 34 - DESERT VIEW HIGHLANDS:  
(Continued)

2. All lands lying within the boundaries of Waterworks District No. 34, as of July 1, 1966, not previously provided with water service prior to July 1, 1966, or not being provided with water service as of July 1, 1966 by the DISTRICT, and lying outside of the areas defined in Part 3 of this subrule are hereby subject to a Capital Improvement Charge as follows, except as stated in Rule 1-A-49, less applicable credits defined in Rule 1-I-2c. No credit pursuant to Rule 1-I-2a and d is applicable to the lands of the area defined in Part 2 of this subrule.

- a. Lands where there is no fire flow requirement for the premises, per acre . . . . . \$1,267.00
- b. Lands where the fire flow requirement of the premises

is:

Fire Flow @ 20 psi (gpm)		Duration	Charge Per Acre
0	to 750	2 Hours	\$1,344.00
750	to 1,250	2 Hours	1,393.00
1,251	to 1,750	2 Hours	1,459.00
1,751	to 2,250	2 Hours	1,519.00
2,251	to 2,750	2 Hours	1,585.00
2,751	to 3,250	3 Hours	1,646.00
3,251	to 3,750	3 Hours	1,713.00
3,751	to 4,250	4 Hours	1,772.00
4,251	to 5,000	5 Hours	1,897.00

For other conditions of fire flow and duration, the per acre charge will be based on an engineering estimate of costs.

- 4-A-1m Added 8/66, Rev. 8/69, 4/22/75, 6/13/78-Sch. 53, 5/29/79-Sch. 62, 8/18/81-Sch. 66, 8/3/82-Sch. 67A, 8/2/83-Sch. 68, 9/4/84-Sch. 73.
- 4-A-1m Renumbered Para. 1 to Para. 2 and Rev. 9/4/84-Sch. 73, 8/13/85-Sch. 75.
- 4-A-1m Renumbered Para. 2 to Para. 3 and Rev. 9/4/84-Sch. 73.
- 4-A-1m Added and revised Para. 2 9/2/86, Exhibit 78.

EXHIBIT "P-1"  
(continued)

SCHEDULE OF WATER SUPPLY CHARGES  
CAPITAL IMPROVEMENT CHARGES

RULE  
4-A-1m

WATERWORKS DISTRICT NO. 34 - DESERT VIEW HIGHLANDS:  
(Continued)

4. All lands not previously served with water service within or annexing to the DISTRICT or presently served and requesting a larger metered service and/or require a greater fire protection capability shall be subject to a Capital Improvement (Tank Capacity Unit) Charge, in addition to the Capital Improvement (Acreage) Charge defined elsewhere in this Rule. The only ones exempt from this charge are developers of lands who enter into formal agreements with the DISTRICT to construct water storage, conveyance or well facilities and their appurtenances.

The Capital Improvement (Tank Capacity Unit) Charge for upgrading an existing metered service from the smaller to the larger size will be the difference in the Tank Capacity Units represented by the existing meter and the new meter multiplied by the calculated dollar amount of the charge.

The Capital Improvement (Tank Capacity Unit) Charge for a new service will be the Billing Units for the respective size of the metered service multiplied by the fire flow demand units (see table) times the calculated dollar amount of the Capital Improvement (Tank Capacity Unit) Charge.

This charge shall remain in effect until changed by the Board of Directors of the DISTRICT. No credits shall be given for this charge.

The initial calculated dollar amount for those developments not entering into agreements with the DISTRICT shall be \$480 per Tank Capacity Unit.

The dollar amount per tank capacity unit for negotiated agreements between developers and the DISTRICT shall be set by the District Engineer and approved by the Board of Directors.

EXHIBIT "P-1"  
(continued)

SCHEDULE OF WATER SUPPLY CHARGES  
CAPITAL IMPROVEMENT CHARGES

RULE  
4-A-1m

WATERWORKS DISTRICT NO. 34 - DESERT VIEW HIGHLANDS: (Continued)  
TANK CAPACITY UNITS  
(BILLING UNITS AND FIRE FLOW DEMAND UNITS)

DOMESTIC AND FIRE SPRINKLER METERS		
Meter Size (Inches)	Meter Flow (gpm)	Billing Units * (B.U.)
3/4x1 & smaller	30 & less	1
1	50	2
1 1/2	100	3
2	160	5
4	500	17
6	1,000	33
8	1,600	53
10	2,300	77
12	3,000	100

FIRE FLOWS (Public or Private-on-Site) Whichever is Larger			
Fire Flow (gpm)	Duration (Hours)	Tank Capacity (Thousands of gallons)	Fire Flow Demand Units (FFDU)**
0- 500	2	60	1.0
501- 750	2	90	1.5
751-1,000	2	120	2.0
1,001-1,250	2	150	2.5
1,251-1,500	2	180	3.0
1,501-2,000	2	240	4.0
2,001-2,500	2	300	5.0
2,501-3,000	2	540	9.0
3,001-3,500	2	630	10.5
3,501-4,000	2	960	16.0
4,001-4,500	2	1,080	18.0
4,501-5,000	2	1,500	25.0

\* For meters over 2-inch, the number of Billing Units will be determined by adding together all domestic and sprinkler fire protection flows to the premises and dividing by 30 (30 being the gallons per minute equivalent to one billing unit).

\*\* Actual number of units to be calculated by fire flow x duration divided by 60,000 gallons.

EXAMPLES: Typical developments:

1. Single family residence: Public Fire Flow = 1,250 gpm = 2.5 F.F.D.U., 3/4 x 1 domestic water meter = 1 B.U.; 1 B.U. x 2.5 F.F.D.U. = 2.5 Tank Capacity Units.
2. Multi-residential: Fire Flow 2,000 gpm, five (5) 2-inch domestic water meters, [(5 meters) x 5 B.U.] x 4 F.F.D.U. = 100 Tank Capacity Units.
3. Office Building: Fire Flow 3,500 gpm, one (1) 2-inch water meter, [(1 meter) x 5 B.U.] x 10.5 F.F.D.U. = 52.5 Tank Capacity Units.
4. Shopping Center, Private System: Private Fire Flow 1,250 gpm, Public Fire Flow 2,500 gpm; 3 - 1 1/2-inch water meters, [(3 meters) x 3 B.U.] x 5 F.F.D.U. = 45 Tank Capacity Units.

## EXHIBIT "P-2"

SCHEDULE OF RATES AND CHARGES FOR ENGINEERING AND CONSTRUCTION SERVICES  
CHARGES

## RULE

3-A-4

LOCAL SYSTEM IMPROVEMENT CHARGES FOR EXISTING WATER MAINS OR WATER MAIN EXTENSIONS: All charges described in this Rule are subject to the credits allowable under Rule 1-J-3. Applicable notes after Rule 3-A-4b and applicable parts of Rule 1-A-49 shall apply.

3-A-4a

LOCAL SYSTEM IMPROVEMENT CHARGE, WATER SERVICE FROM AN EXISTING FRONTING WATER MAIN: For premises to be served with water service from existing adequate capacity water main(s) of the DISTRICT, one of the following charges shall apply.

Size of Water Main (Inches)	Range of Fire Flow Required & Available (gpm)	Charge per Benefited Front Foot of the Applicant's Premises
Under 6	to 750	\$14.61
6	to 750	15.88
	751 to 1,250	16.49
	1,251 to 1,750	17.20
8	to 750	18.42
	751 to 1,250	19.02
	1,251 to 1,750	19.80
	1,751 to 2,250	20.85
10	to 750	22.27
	751 to 1,250	22.83
	1,251 to 1,750	23.60
	1,751 to 2,250	24.70
	2,251 to 2,750	26.07
	2,751 to 3,250	26.63
12	to 750	27.34
	751 to 1,250	27.95
	1,251 to 1,750	28.67
	1,751 to 2,250	29.77
	2,251 to 2,750	31.13
	2,751 to 3,250	31.72
	3,251 to 3,750	33.74
	3,751 to 4,250	34.23
	4,251 to 5,000	35.50

NOTE: Charges given on this page are applicable to all Waterworks District, except District No. 36 (See Page 609).

3-A-4

Added 2/63, 10/68.

3-A-4a

Rev. 2/63, 10/68, 4/22/75, 2/1/77-Sch. 41R, 6/13/78-Sch. 53, 5/29/79-Sch. 62, 8/18/81-Sch. 66, 8/3/82-Sch. 67A, 8/2/83-Sch. 68, 8/23/83-Sch. 69, 9/6/83-Sch. 70, 9/4/84-Sch. 73, 11/6/84-Sch. 74, 8/13/85-Sch. 75, 11/26/85-Sch. 77.

**EXHIBIT "F-2"**  
(continued)

SCHEDULES OF RATES AND CHARGES FOR ENGINEERING AND CONSTRUCTION SERVICES  
CHARGES

**RULE**

**3-A-4a**

**LOCAL SYSTEM IMPROVEMENT CHARGE, WATER SERVICE FROM AN EXISTING FRONTING WATER MAIN: (Continued)**

Size of Water Main (Inches)	Range of Fire Flow Required & Available (gpm)	Charge per Benefited Front Foot of the Applicant's Premises
14	751 to 750	\$34.18
	751 to 1,250	34.67
	1,251 to 1,750	35.28
	1,751 to 2,250	36.33
	2,251 to 2,750	37.38
	2,751 to 3,250	38.15
	3,251 to 3,750	40.52
	3,751 to 4,250	41.13
16	4,251 to 5,000	42.61
	751 to 750	41.01
	751 to 1,250	41.62
	1,251 to 1,750	42.34
	1,751 to 2,250	43.61
	2,251 to 2,750	44.88
	2,751 to 3,250	45.81
	3,251 to 3,750	48.63
18	3,751 to 4,250	49.41
	4,251 to 5,000	51.16
	751 to 750	49.23
	751 to 1,250	49.95
	1,251 to 1,750	50.83
	1,751 to 2,250	52.31
	2,251 to 2,750	53.86
	2,751 to 3,250	54.96
	3,251 to 3,750	58.38
	3,751 to 4,250	59.26
	4,251 to 5,000	61.42

**NOTE:** Charges given on this page are applicable to all Waterworks District, except District No. 36 (See Page 610).

**3-A-4**

Added 2/63, 10/68.

**3-A-4a**

Rev. 2/63, 10/68, 4/22/75, 2/1/7-Sch. 41R, 6/13/78-Sch. 53, 5/29/79-Sch. 62, 8/18/81-Sch. 66, 8/3/82-Sch. 67A, 8/2/83-Sch. 68, 8/23/83-Sch. 69, 9/6/83-Sch. 70, 9/4/84-Sch. 73, 11/6/84-Sch. 74, 8/13/85-Sch. 75, 11/26/85-Sch. 77.

EXHIBIT "G"

General Terms and Conditions of  
Water Systems Sub-Agreement

The Water System Sub-Agreement with Kaufman & Broad shall provide, inter alia, as follows:

- (1) BUILDER shall allow the transfer of the 765 WATER CAPACITY UNITS to the originally intended users within the 2,911-foot elevation zone in accordance with the request of DISTRICT. Purchasers of BUILDER's lots, homes or buildings shall be entitled to continue to receive water service and BUILDER shall be entitled to receive Will-Serve Letters for its DEVELOPMENT so long as BUILDER concurrently supplies an equivalent amount of water to DISTRICT from DISTRICT's offsite water supply facilities or other wells as approved by DISTRICT, by upgrading pumping equipment from 1,500 gpm to 3,000 gpm, payment for a portion of pumping station expansion to 5,000 gpm capacity of the existing pumping station in the vicinity of Avenue M and 8th Street West, and payment for a portion of constructing a 12-inch water main in 10th Street West from Avenue M to Avenue O-4.
- (2) BUILDER shall boost water in the 2,911-foot elevation zone to the 3,240-foot elevation zone to utilize the 765 water capacity units from City Ranch North Water System Agreement. BUILDER shall not be entitled to boost units past the 3,240-foot elevation zone.
- (3) In so far as practical, the terms of the Water System Sub-Agreement shall not be inconsistent with the terms of AGREEMENT between DISTRICT and BUILDER.



COUNTY OF LOS ANGELES  
DEPARTMENT OF PUBLIC WORKS

LOS ANGELES COUNTY WATERWORKS DISTRICT NO. 4, LANCASTER AND  
LOS ANGELES COUNTY WATERWORKS DISTRICT NO. 34, DESERT VIEW HIGHLANDS  
PROPOSED CONSTRUCTION OF WELLS, CHLORINATION STATION, FOREBAY, BOOSTER PUMPING  
STATIONS AND WATER TRANSMISSION FACILITIES IN THE WEST LANCASTER/PALMDALE AREA

NEGATIVE DECLARATION

1. Location and Brief Description of Project

The location is defined as the geographical area of West Lancaster/Palmdale specifically shown on Exhibit "A" attached.

The project consists of the following: Drilling and equipping three 2,000 gallon per minute (gpm) wells, installing a chlorination station, constructing a 2.4 million gallon forebay and constructing a 20,000 gpm booster pumping station in the vicinity of 70th Street West and Avenue G-12; constructing a 20,000 gpm booster pumping station and an AVEK metering station in the vicinity of Avenue L-12 and 60th Street West; installing a 48-inch diameter water transmission main (AVEK South Feeder Relief) in 50th Street West, Avenue N-8, 30th Street West and Avenue O-8; constructing a 25 cubic feet per second (cfs) AVEK turnout and a 20,000 gpm booster pumping station in the vicinity of Avenue O-8 and 25th Street West and installing a 36-inch diameter water transmission main in 25th Street West from Avenue O-8 to Elizabeth Lake Road; constructing a 20,000 gpm booster pumping station in the vicinity of 25th Street West and Elizabeth Lake Road, installing a 36-inch diameter water transmission main in Elizabeth Lake Road from 25th Street West to Bridge Road, installing a 30-inch diameter water transmission main in Elizabeth Lake Road from Bridge Road to Ranch Center Drive and installing a 20-inch diameter water transmission main in Elizabeth Lake road from Ranch Center Drive to Bouquet Canyon Road (80th Street West).

2. Mitigation Measure Included in the Project to Avoid Potentially Significant Effects

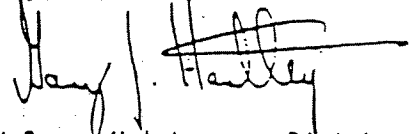
The water mains will be installed below ground and within public road rights of way or utility easements. All construction within road rights of way will comply with Department of Public Works Road Standards. The forebay and well sites will be enclosed by block walls and landscaped with trees and shrubs to mitigate any noise and visual or aesthetic effects. To further eliminate noise from electric motors, all booster pumps will be housed in concrete block structures. The 2.4 million gallon forebay will be partially buried to reduce its height. These facilities will benefit Los Angeles County Waterworks Districts Nos. 4 and 34 in that they will provide an emergency water supply to the proposed Ritter Ranch development when an interruption of State Project water occurs and will provide additional capacity to the west Lancaster area during periods of peak demand.

3. Finding of No Significant Effect

Based on the enclosed Initial Study, it has been determined that this project will not have a significant effect on the environment.

Enclosure: Initial Study

Prepared By:



Waterworks and Sewer Maintenance Division  
Department of Public Works

INITIAL STUDY BY LOS ANGELES COUNTY WATERWORKS DISTRICT NO. 4, LANCASTER AND  
LOS ANGELES COUNTY WATERWORKS DISTRICT NO. 34, DESERT VIEW HIGHLANDS, PROPOSED  
CONSTRUCTION OF WELLS, CHLORINATION STATION, FOREBAY, BOOSTER PUMPING STATIONS  
AND WATER TRANSMISSION FACILITIES IN THE WEST LANCASTER/PALMDALE AREA

This initial study was prepared by the Department of Public Works, Waterworks and Sewer Maintenance Division, pursuant to the California Environmental Quality Act of 1970, as amended (Division 13, California Public Resources Code) and the "State Environmental Impact Report Guidelines" (Division 6, California Administrative Code), and the County of Los Angeles and Special Districts (under the Board of Supervisors) Environmental Document Reporting Procedures and Guidelines as latest adopted.

1. Location and Description of Project

The location is defined as the geographical area of West Lancaster/Palmdale as specifically shown on Exhibit "A".

The project consists of the following: Drilling and equipping three 2,000 gallon per minute (gpm) wells, installing a chlorination station, constructing a 2.4 million gallon forebay and constructing a 20,000 gpm booster pumping station in the vicinity of 70th Street West and Avenue G-12; constructing a 20,000 gpm booster pumping station and an AVEK metering station in the vicinity of Avenue L-12 and 60th Street West; installing a 48-inch diameter water transmission main (AVEK South Feeder Relief) in 50th Street West, Avenue N-8, 30th Street West and Avenue O-8; constructing a 25 cubic feet per second (cfs) AVEK turnout and a 20,000 gpm booster pumping station in the vicinity of Avenue O-8 and 25th Street West and installing a 36-inch diameter water transmission main in 25th Street West from Avenue O-8 to Elizabeth Lake Road; constructing a 20,000 gpm booster pumping station in the vicinity of 25th Street West and Elizabeth Lake Road, installing a 36-inch diameter water transmission main in Elizabeth Lake Road from 25th Street West to Bridge Road, installing a 30-inch diameter water transmission main in Elizabeth Lake Road from Bridge Road to Ranch Center Drive and installing a 20-inch diameter water transmission main in Elizabeth Lake road from Ranch Center Drive to Bouquet Canyon Road (80th Street West).

These water system facilities will be constructed in accordance with the approved plans and specifications of the Los Angeles County Waterworks Districts and upon completion dedicated to the Waterworks Districts.

2. Compatibility with General Plan

The project is located within the Cities of Lancaster and Palmdale and unincorporated County territory and is compatible with the adopted General Plans for the area.

The proposed well sites, the chlorination site, the forebay site, and the booster pumping station sites are all presently vacant. The water mains to be constructed are within existing dedicated or future roadways, except for the water mains located within the site areas mentioned above.

This project and subsequent development of land which will be served by these off-site water facilities will be reviewed by the appropriate local planning agencies when such development plans are submitted by developers of the land.

### 3. Environmental Setting

The properties which will accommodate the wells, booster pumping stations and reservoir are undeveloped. The water mains will be installed within existing or future road rights of way or water main easements. The land along most of these rights of way is being developed for urban uses.

The surface layer of soil is a sandy loam to silty clay loam and is classified by the U.S. Department of Agriculture to be marginal for farming but suitable for limited range land.

Wildlife native to this area are quail, pheasants, chukars and rabbits; however, due to urban encroachment, there does not appear to be much of this wildlife.

The project site does not have any known historical, geological, or archaeological attributes which may be of interest to the public.

The area immediately surrounding the 70th Street West and Avenue G-12 site, the 25th Street West and Avenue O-8 site and the 25th Street West and Elizabeth Lake Road site are all undeveloped and similar in nature. At 60th Street West and Avenue L-12, the new facilities will be incorporated within existing Waterwork's property.

### 4. Identification of Environmental Effects

This project does not appear to have a significant effect on the environment because it does not appear to:

- a. Conflict with adopted environmental plans and goals of the community.
- b. Have a substantial, demonstrable negative aesthetic effect;
- c. Substantially affect a rare or endangered species of animal or plant or the habitat of the species;
- d. Interfere substantially with the movement of any resident fish or wildlife species, or migratory fish or wildlife species;
- e. Breach published national, state, or local standards relating to solid waste or litter control;
- f. Substantially degrade water quality;
- g. Contaminate a public water supply;

- h. Substantially degrade or deplete ground water resources; Waterworks District No. 34 plans to continue to rely on AVEK water to meet its water requirements for the bulk of the District's service area. Additionally, the County has an aggressive program within Waterworks District No. 4, Lancaster, to reduce the amount of well water used in favor of increasing its use of AVEK water. This practice will allow for the natural replenishment of the groundwater basin. Lastly, a program to recharge the groundwater basin with surplus AVEK water is currently being evaluated by the County.
- i. Interfere substantially with ground water recharge;
- j. Disrupt or adversely affect prehistoric or historic archaeological sites or a property of historic or cultural significance to a community or ethnic or social group; or a paleontological site except as part of a scientific study of the site;
- k. Induce substantial growth or concentration of population;
- l. Cause an increase in traffic which is substantial in relation to the existing traffic load and capacity of the street system;
- m. Displace a large number of people;
- n. Encourage activities which result in the use of large amounts of fuel, water or energy;
- o. Use fuel, water or energy in a wasteful manner;
- p. Increase substantially the ambient noise levels for adjoining areas;
- q. Cause substantial flooding, erosion or siltation;
- r. Expose people or structures to major geological hazards;
- s. Extend a sewer trunk line with capacity to serve new development;
- t. Substantially diminish habitat for fish, wildlife or plants;
- u. Disrupt or divide the physical arrangement of an established community;
- v. Create a potential public health or safety hazard; or involve the use, production or disposal of materials which pose a hazard to people or animal or plant populations in the area affected;
- w. Conflict with established recreational, educational, religious or scientific uses of the area;
- x. Violate any ambient air quality standard, contribute substantially to an existing or projected air quality violation, or expose sensitive receptors to substantial pollutant concentrations;

y. Convert prime agricultural land to non-agricultural use or impair the agricultural productivity of prime agricultural land;

z. Interfere with emergency response plans or emergency evacuation.

5. Discussion on Ways to Mitigate Significant Effects

The well sites, the chlorination site, the forebay site, the pump station site and the adjacent areas are undeveloped. These proposed off-site water system facilities are necessary to provide an adequate water supply to accommodate development of the surrounding area. To mitigate any noise, visual or aesthetic effect of the pumping stations, the sites will be enclosed by concrete block walls and landscaped with trees and shrubs. The forebay will be partially buried to reduce its height and landscaping will be used to further reduce the visual or aesthetic impacts. Site plans for these water system facilities will be submitted to the appropriate local planning agencies for their approval and conformance to the existing community characteristics. Dust control will be provided during construction by watering or other appropriate methods.

No significant effects were identified in our study of environmental effects.

6. Initial Study Preparation

This initial study was prepared under the supervision of Mr. Gary J. Hartley, Assistant Deputy Director, 900 South Fremont Avenue, 9th Floor, Alhambra, California 91803, telephone (818) 458-7115. Pursuant to the County and Special Districts Guidelines, this study was made with the use of enclosed Initial Study Questionnaire.

Enclosure: Questionnaire

LOS ANGELES COUNTY WATERWORKS DISTRICT NO. 4, LANCASTER AND  
LOS ANGELES COUNTY WATERWORKS DISTRICT NO. 34, DESERT VIEW HIGHLANDS

INITIAL STUDY QUESTIONNAIRE

Project: Waterworks Districts Nos. 4, Lancaster and  
34, Desert View Highlands

Thomas Guide Pages: 159 and 171

U. S. G. S. Quad: Del Sur, Lancaster West, Ritter Ridge

Date: 1958

A. GENERAL INFORMATION

1. Name and address of owner: (Proposed) Los Angeles County Waterworks District No. 4, Lancaster and Los Angeles County Waterworks District No. 34, Desert View Highlands, 900 South Fremont Avenue, Alhambra, California 91803.
2. Name, address and telephone number of owner's representative or project sponsor: Gary J. Hartley, Assistant Deputy Director, Department of Public Works, Waterworks and Sewer Maintenance Division, 900 South Fremont Avenue, Alhambra, California 91803 for Los Angeles County Waterworks District No. 34, Desert View Highlands, Telephone: (818) 458-7115.
3. Street location of project: The project site is shown on Exhibit "A".
4. Present use of site: Vacant property.
5. Present zoning: A2-1.
6. Brief project description (proposed use): Acquisition of property; site development; drill and equip three water wells; construct four 20,000 gpm booster pumping stations; construct a 2.4 million gallon forebay; construct a turnout for the Antelope Valley-East Kern Water Agency; construct approximately 60,000 lineal feet of 20 to 48-inch diameter water transmission main and all necessary appurtenances.
7. Gross Area of project site: Unknown.
8. Number and types of units (residential): N/A
9. Number and floor area of building (non-residential): N/A
10. Number of floors: N/A
11. Number of employees and shifts (non-residential): No one will be assigned, reside on or work out of any of these facilities. The facilities will be serviced on an as needed basis by District employees and contractors.

12. Maximum number per shift (non-residential): N/A
13. Operating hours (non-residential): The water system facilities are fully automated and have the capability to operate 24 hours per day.
14. Area devoted to open space (exclusive of driveways, parking): N/A
15. List and describe any other related permits and other public approvals required for this project, including those required by County, regional, State and Federal Agencies. Specify the type of permit/approval, and the granting agencies. Grading and building permits will be obtained, from the Cities of Lancaster and Palmdale. A plot plan with elevations, including existing and proposed improvements, landscaping, walls and/or screening and vehicular access, will be submitted to the appropriate local planning agencies for approval.

B. ENVIRONMENTAL DATA

1. Phasing and Relationship to Other Projects

The property for the project has not yet been acquired. The engineer for the developer will submit a detailed site plan to Waterworks and the Cities of Lancaster and Palmdale. Upon approval of construction drawings; the wells, the chlorination facilities, the forebay, the pump stations, and the water mains and appurtenances will be constructed.

2. Environmental Setting - Project Site

The well sites, the chlorination site, the forebay site and the pump station sites are vacant land with no known cultural or historical aspects. The elevation of land varies from approximately 2,380 feet at the Avenue G-12 and 70th Street West site to 2,800 feet above sea level at the Elizabeth Lake Road and 25th Street West site. The soil according to the U.S. Department of Agriculture, Soil Conservation Service, is sandy loam to silty clay loam suitable for range land. Due to urban encroachment wildlife is scarce.

3. Environmental Setting - Surrounding Area

The surrounding area is primarily vacant at this time.

C. ENVIRONMENTAL QUESTIONS

1. Will the project require any grading?

Minor grading will be required.

Will the earth movement be balanced on site?

Measures will be taken to alleviate dust problems during construction. It would appear that excavated material will be spread and compacted on the site.



2. Are there any identifiable landslides or other major geologic hazards on the property (including uncompact fill)?

No.

3. Are there any natural drainage courses, springs, ponds, etc. on property?

No.

4. The property is located within a high fire hazard area (hillside area with moderately dense vegetation)?

Yes, site will be clear of vegetation and landscaped to mitigate fire damage and soil erosion.

5. Do project operations involve the handling or storage of hazardous substances, such as oil, pesticides, chemicals or radioactive materials?

Small amount of chlorine for the chlorination of the well water. Alarm and safety equipment will be installed as part of this project. Waterworks personnel are trained to mitigate chlorine leakage problems.

6. What are the existing principal sources of noise at the project site?

None.

7. Describe the facilities and/or equipment within your project which are expected to induce noise?

Pumping the groundwater from the well through the transmission mains will be accomplished by electric motor driven pumps. The well and pump station sites will be enclosed by concrete block walls to mitigate noise problems.

8. Will the project generate dust and/or odors?

Temporarily during construction there may be some dust generated; however, measures will be taken to alleviate any dust caused by construction.

9. What provisions will be included for security within the project?

The perimeter of the wells, pump stations and storage reservoir site will be enclosed with block walls.

10. Identify, in general terms, the plants and animals of the project area. Identify the number of trees by type on the site.

Native plant cover is typical desert brush and grasses. There are no trees on any of the sites. Wildlife native to this area is scarce due to existing residential developments in the surrounding area.

11. Will the project displace any people?

No.

12. What energy-conserving designs or materials will the proposed project utilize?

Telemetering the facilities will contribute to the efficient operation of the facilities.

13. Are there any parks (regional, county, local) located within a one mile radius of the project? If so, please identify:

None.

14. What school district serves the property?

Westside School District and Antelope Valley Union High School.

15. If a residential development, are existing school facilities adequate to meet the anticipated increase in attendance as a result of the project? (This information should be verified by the school district involved if the project consists of 5 or more residential lots. Verification should be either in writing or by identifying person contacted at district).

N/A

16. What is the distance to the nearest sheriff station?

Sheriff Station is approximately six miles east.

17. What is the distance to the nearest fire station?

Approximately six miles south and east of project.

18. Are sewers presently available to serve the project site?

N/A

19. Are existing sewers capable of meeting the anticipated increase in demand without modification?

N/A

20. If sewers are not available, what type of sewage disposal system will be utilized?

N/A.

21. What is the major access to the well pump station and reservoir sites?

Access to all these sites will be from adjacent public streets.

22. How will domestic water be provided (water district, private wells)?

Los Angeles County Waterworks District No. 4, Lancaster and Los Angeles County Waterworks District No. 34, Desert View Highlands.

Will the water supply be sufficient to serve the proposed project?

Yes.

23. Can the existing water system provide for fire protection in accordance with Fire Department requirements?

Yes.

24. Is natural gas available?

N/A.

25. Is electricity available?

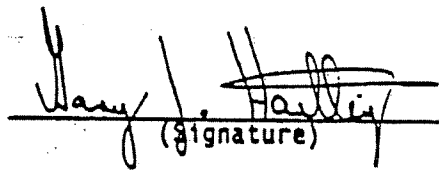
Yes.

26. What is the distance to the nearest commercial business area?

Approximately 6 to 10 miles to the commercial centers of Lancaster and Palmdale.

**CERTIFICATION:** I hereby certify that the statements furnished above and in the attached exhibits present the data and information required for this initial evaluation to the best of my ability, and that the facts, statements, and information presented are true and correct to the best of my knowledge and belief.

Date: September 7, 1990

  
(signature)  
For Waterworks District



**THE UNIVERSITY OF**

- 1 2-2000 GPM WELLS AND DISCHARGE MAIN
- 2 CHLORINATION FACILITIES
- 3 2.4 MGd FLOWBAY
- 4 20,000 GPM PUMPING STATION (PLUS STANDBY CAPACITY IN VICINITY OF 0.157MGD)

**FOI-114-72071 XRAY**

- ⑧ DISTRICT NO. 4, 30 AND 30M PUMP STATION (PLUS STATIONARY CAPACITY) IN VICINITY OF LISAHOW
- ⑨ AVEK METERING STATION IN VICINITY OF LISAHOW
- ⑩ AVEK 40-INCH SOUTH FEEDER (AUXILIARY, 60TH STREET) WEST, AVENUE 0-3, WITH STREET WEST AND AVENUE 0-0
- ⑪ AVEK TUNNANT, 30.0 CFS AVENUE 0-0 AND 20TH STREET WEST

2011-01-18 11:58:00

- 26-AND CPM PUMPED STATION (PLUS STATION CAPACITY)  
IN VICINITY OF O-8 AND 25TH WEST
- 36-INCH WATER MAIN, 15TH STREET WEST, AVENUE O &  
TO ELIZABETH LAKE ROAD

**2025-27 SCIENCE 2025**

- 11 30-ONE GOLF PUMPED, STATION#1015, STAINLESS CAPACITY, IN VICINITY OF 20TH STREET WEST AND ELLISLAKE IN LAKE ROAD
- 12 30-INCH WATER MAIN, ELLISLAKE IN LAKE ROAD, 31TH STREET WEST TO BRIDGE ROAD
- 13 30-INCH WATER MAIN, ELLISLAKE IN LAKE ROAD, BRIDGE ROAD TO RANCH CENTER DRIVE
- 14 30-INCH WATER MAIN, ELLISLAKE IN LAKE ROAD, RANCH CENTER DRIVE TO BELLEVILLE CANTON ROAD

**PROBATION**

- SEVERAL SOUTH AFRICAN ALLIES (NAME

- DISTRICT NO. 24 MAJUN

- 11/11/11 11:11

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## INFLUENCE OF ASSOCIATION

### UNITED NATIONS

**RECOMMENDATIONS**

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COUNTY OF LOS ANGELES  
DEPARTMENT OF PUBLIC WORKS

900 SOUTH FREMONT AVENUE  
ALHAMBRA, CALIFORNIA 91803-1331  
Telephone: (818) 458-3100

THOMAS A. TIDEMANSON, Director

ADDRESS ALL CORRESPONDENCE TO  
P.O. BOX 4460  
ALHAMBRA, CALIFORNIA 91803-4460

February 28, 1991

IN REPLY PLEASE  
REFER TO FILE

W-0

Mr. Robert Mallicoat  
Leona Valley Town Council  
Post Office Box 795  
Leona Valley, California 93551

Dear Mr. Mallicoat:

NEGATIVE DECLARATION FOR CONSTRUCTION OF WATER SYSTEM  
FACILITIES FOR LOS ANGELES COUNTY WATERWORKS DISTRICTS  
NOS. 4, LANCASTER AND 34, DESERT VIEW HIGHLANDS

This letter is being written to address the comments contained in your October 21, 1990 letter, pertaining to the subject Negative Declaration. Several of your comments do not pertain to the proposed water system project, but to a much more extensive project commonly referred to as "Ritter Ranch". Your concerns with respect to the "Ritter Ranch" project will be addressed in the Ritter Ranch Environmental Impact Report (EIR) currently being prepared by the City of Palmdale.

The District's responses to your comments concerning the proposed water system facilities in the Leona Valley are as follows:

1. You expressed concern that the water transmission main in Elizabeth Lake Road will result in straightening of the road and "cut through at least 16 private ranches of large acreage". Since the water transmission main as proposed would be installed within existing road rights-of-way, we fail to see how this project could have that effect. Any realignment of the existing roadway would be addressed in the Ritter Ranch EIR.
2. You express concerns about potential loss to flora, fauna, aesthetics and historical interests. Again, the water transmission main would be located within existing road rights-of-way which would not impact any of these items.
3. You contend that the project will deplete the groundwater available to the residents of the Leona Valley. The purpose of locating the proposed wells in the main Antelope Valley Groundwater Basin is to provide an emergency source of water for the entire west Lancaster/Palmdale area

Mr. Robert Mallicoat  
February 28, 1991  
Page 2

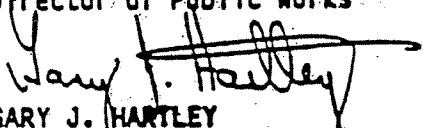
in case AVEK water is temporarily unavailable. Any pumping from the proposed wells would not impact well production in the Leona Valley since the Leona Valley aquifer is separated from the main Antelope Valley aquifer by the San Andreas Rift Zone.

4. You state that groundwater recharge with AVEK water will result in adjudication of the basin. Waterworks is interested in maximizing the available water in the groundwater basin and thus has begun to evaluate the feasibility and desirability of various methods of artificially replenishing the groundwater basin. With the use of prudent water management practices to insure an adequate supply of groundwater for everyone, we do not see the need to adjudicate the basin. Additionally, Waterworks is increasing the use of AVEK water as the primary supply of water for all its customers, thereby, minimizing the need to pump from the groundwater basin.
5. The Negative Declaration was made available to all parties who had previously expressed an interest in reviewing Waterworks environmental documents and to the general public through both the Lancaster and Palmdale Public Libraries. Additionally, public notices were placed in the Antelope Valley Press to inform interested parties of the availability of this document for review. To insure your receiving such documents in the future the Leona Valley Town Council has been placed on the Waterworks mailing list to receive all future environmental documents and reports concerning water issues.

Thank for expressing your concerns, if you have any questions, please contact Mr. George Papik at (818) 458-7149.

Very truly yours,

T. A. TIDEMANSON  
Director of Public Works

  
GARY J. HARTLEY  
Assistant Deputy Director  
Waterworks and Sewer Maintenance Division

GMP:jsk  
WW3552

cc: Michael D. Antonovich  
Palmdale - Clyde Evans - Planning Department

# Leona Valley Town Council

P. O. Box 795  
Leona Valley, California 93551

21 October 1991

Mr. Gary J. Hartley  
Assistant Deputy Director  
Department of Public Works  
Waterworks and Sewer Maintenance Division  
900 South Fremont Avenue  
Alhambra, California 91803

SUBJECT: WATERWORKS DISTRICTS NOS. 4, LANCASTER AND 14, DESERT  
VIEW HIGHLANDS (RITTER RANCH OFFSITE WATER SYSTEM  
IMPROVEMENTS)

Dear Mr. Hartley:

After reviewing the initial study of the subject project, the Leona Valley Town Council finds that a negative declaration on the subject project to be inappropriate and based on gross errors which must have been inadvertently overlooked by your department during the study process. May we, therefore, point out a few key issues which should be examined: meet the criteria to warrant an Environmental Impact Report. The area of greatest concern and impact to Leona Valley is the placement of a water transmission main on Elizabeth Lake Road west to Bonquet Canyon.

- The project is not compatible with the Antelope Valley Areawide General Plan for the unincorporated areas such as Leona Valley, Green Valley, and Bonquet Canyon.
- If Elizabeth Lake Road is to be "straightened" concurrent with the subject project, it will cut through at least 16 private ranches of large acreage. These ranchers have expressed no intention of subdividing or urbanizing. Therefore, this study's statement that the land affected is already being developed for urban uses is incorrect. The study is also incorrect in stating that the area is undeveloped.
- The study states that all the site areas including Leona Valley are similar in nature. This is incorrect. 70th Street West and Avenue G-12, for instance, is on the flat desert floor. Elizabeth Lake Road cuts through a narrow valley with high cliffs and steep canyons. It is rich foliage, and is at least 1000 ft higher in elevation than the desert floor.
- The wildlife native to the Elizabeth Lake Road area is far more populated than your study indicated. Since the road currently follows the Amargosa Creek, it is habitat and even to a multitude of animals and fowl. Your study states that urban encroachment has displaced most of the wildlife - this is true, however, the wildlife that has been driven from the desert floor has sought refuge along Elizabeth Lake Road area and the surrounding open spaces in Leona Valley.

# Leona Valley Town Council

P. O. Box 795

Leona Valley, California 92551

Elizabeth Lake Road is a scenic corridor and rich in scientific interest. It was a major route to the Fortatoll Stage Lines. Antelope Valley College conducts regular field trips to the area and has collected numerous important artifacts of geological and archaeological interest.

Contrary to the study's findings, the area has great interest to the public as evidenced by this community's efforts to insure its preservation by working with Supervisor Antonovich's office, a Community Standards District.

This project is in conflict with the Leona Valley Community-supported Standards which protect the environment and ensure that development proceed compatibly with the existing community.

Aesthetically, this project and the resultant development projects will have a severe effect on the area.

The Council seriously questions the data used by Brockmeier Consulting Engineers, Inc. to determine that this project in its entirety and final implementation would not deplete ground water resources. We propose that the data may be outdated and not reflective of current conditions in this basin. Ground water levels are dropping drastically and the drought obviously has not produced required recharge. The Council suggests that Brockmeier conduct whatever experimentation is needed to gather current and correct data upon which your department may rely in order to make a wise and prudent decision on this project and associated projects.

50% of Leona Valley is dependent upon private wells for consumption and agricultural uses. We know that your agency takes very seriously its responsibility to the well owners in the Antelope Valley and the unincorporated communities on the West, to ensure fair distribution of ground water. However, it appears to the Council that Brockmeier has failed to address this concern. The consultant should be required to provide evidence that this concern is not warranted based upon sound, current facts, that a disproportionate amount of ground water will not be diverted to the Ritter Ranch project leaving current well owners high and dry.

The Council strongly opposes adjudication of the ground water through recharge with AVEK water. This obviously would place your agency in a difficult position with the well owners as they will be fighting for their very survival. The Council has been made aware of serious opposition should events take place that would lead to capping and regulating of private wells.

Your study indicated that this project would not induce substantial growth. This is incorrect. The main purpose of this project is to provide water to the Ritter Ranch development project which would increase the population of the Leona Valley area from 500 families to at least 8,000 families. That's a 1600% increase.



## Leona Valley Town Council

P. O. Box 796

Leona Valley, California 93551

### Population Impact -

This project and the resultant River Ranch development proposes to increase daily population to 25,000 people per day. This would warrant the expansion of the current two-lane Elizabeth Lake Road to a major four-lane thoroughfare. Again, hardly a negative impact.

This project will provide water to not only an 800 family development, but also for elaborate landscaping, golf courses, and other uses considered to be frivolous and wasteful in this day of responsible usage and management of our water resources.

The proposed water main along Elizabeth Lake Road lies in the major San Andreas rift zone. Yet your study indicates there would be no exposure to geologic hazards. When the San Andreas erupts, which experts predict, the project would obviously suffer damage cutting off water to thousands of residents. This oversight needs to be rectified as we are sure you agree, the San Andreas rift zone and numerous faults in the site area are critical factors not to be ignored.

This project and resultant developments will produce a degradation in air quality as the narrow Leona Valley cannot tolerate the pollutants caused by the projected 25,000 inhabitants and 47,000 vehicular trips per day.

This project and resultant development will disrupt and divide the physical arrangement and lifestyles of the established community of Leona Valley, Bouquet Canyon, Green Valley, Elizabeth Lake and Lake Hughes. Such urban encroachment is not compatible with these rural communities.

This project and resultant development threatens the health and safety of the established rural communities in the project's area. Most residents live on 2.5 acre and above parcels, and because of their distance to neighbors, lack of streetlights, etc, makes them vulnerable to robbery, vandalism, and assault which is a major offshoot of urbanization. Compared to the crime statistics out of Palmdale and Lancaster, Leona Valley is relatively crime-free. We must anticipate a serious crime impact should the project and resultant development go through. (We've recently learned that Palmdale's sheriff's protection budget has increased from approximately one million to five million dollars per year.)

This project and resultant development will convert agriculturally zoned property to high density land uses and threaten the sustainability of the established ranches and farms. 8,000 sq ft "city-sized" lots are not compatible with U-Pick orchards, horse ranches, or other animal related activities that this rural community enjoys. The impact is significant and should be addressed.

# Leona Valley Town Council

P.O. Box 795

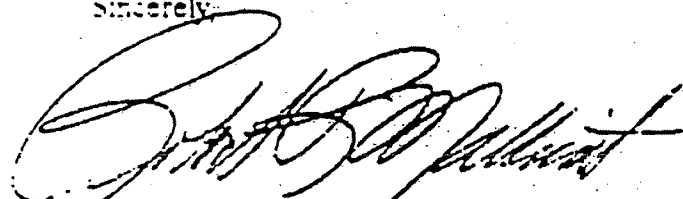
Leona Valley, California 92555

In conclusion, the Town Council is confident that the project is a necessary and important department of the community. In the interest of the community, it is imperative that when you re-evaluate this project for impact, that the purpose of the project is to protect the public health and safety and that you consider the impact of the project on the community and the development that are dependent on your water project.

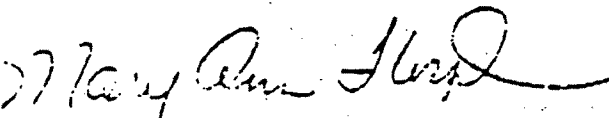
One comment, this statement is being sent to you at a very late date considering when the document was prepared. The reason is that this community was not notified by your office of this project. As a result, significant ramifications to our community, our livelihood, and our welfare. None of the best of our knowledge, was made available to the public in the Antelope Valley area. The Town Council would appreciate notification by your office of a timely fashion if any of these would affect our community. Supervisor Michael Antonovich shares our community concern and desire to participate in Leona Valley's future. And is therefore, this community elected a Town Council to represent the residents of Leona Valley and government agencies regarding issues of concern. It's a good system. We are certain your department will also find the Town Council a good focal point where to place the planning projects which would impact Leona Valley.

Looking forward to hearing from your office. Our next Town Meeting is November 12, 1970. We anxiously await a response to this letter by November 11 so that we can report to the community.

Sincerely,



Leona Valley Town Council  
Robert Mallicoat, President



Mary Ann Floyd, Community Relations

# Leona Valley Town Council

P O B 35

Leona Valley, California 93551

Leona Valley

Planning Department

Leona Valley Town Council

Robert A. Adams

Robert A. Adams

Hardy, LA County Planning

Hardy, LA County Community Planning

Ms. Ruth Benell

Valley Press, Attn: Harvey Drut

Daily News, Attn: Karen Mashiro

Attn: John Chandler



# COUNTY OF LOS ANGELES

## DEPARTMENT OF PUBLIC WORKS

900 SOUTH FREMONT AVENUE  
ALHAMBRA, CALIFORNIA 91803-1331  
Telephone: (818) 458-5100

THOMAS A. TIDEMANSON, Director

ADDRESS ALL CORRESPONDENCE TO  
P.O. BOX 1460  
ALHAMBRA, CALIFORNIA 91802-1460

February 28, 1991

IN REPLY PLEASE  
REFER TO FILE

W-0

Mr. Clyde E. Evans  
Director of Planning  
City of Palmdale  
38300 North Sierra Highway  
Palmdale, California 93550

Dear Mr. Evans:

NEGATIVE DECLARATION FOR CONSTRUCTION OF WATER SYSTEM  
FACILITIES FOR LOS ANGELES COUNTY WATERWORKS DISTRICTS  
NOS. 4, LANCASTER AND 34, DESERT VIEW HIGHLANDS

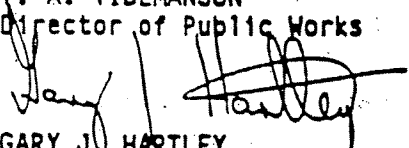
We certainly agree that the appropriate forum to discuss mitigation of the cumulative effects of the growth resulting from the various proposed projects is in the Environmental Impact Reports for those projects. We look forward to reviewing the Environmental Impact Reports for the various projects as they become available.

Since this project is the result of, not the cause of, the Ritter Ranch, City Ranch, Assessment District No. 90-1 and other proposed projects we cannot agree that the water system is growth inducing. If it were not for the various projects mentioned, the water system improvements discussed in the Negative Declaration would not be necessary and hence would never have been proposed. If these developments are not approved, the water delivery system evaluated in our Negative Declaration will not be constructed. We, therefore, will allow the Negative Declaration to stand as written.

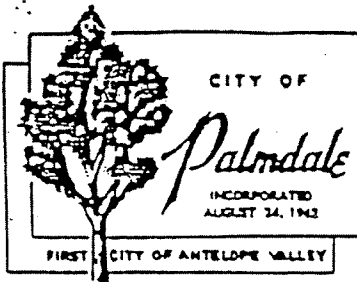
Thank you for bringing your concerns to our attention.

Very truly yours,

T. A. TIDEMANSON  
Director of Public Works

  
GARY J. HARTLEY  
Assistant Deputy Director  
Waterworks and Sewer Maintenance Division

GMP:jsk  
WW3746



## CITY OF PALMDALE

38300 NORTH SIERRA HIGHWAY, PALMDALE, CALIFORNIA 93552  
AREA CODE 805/273-3162

Wm. J. "Pete" Knight  
MAYOR

Joseph P. "Joe" Davies, Jr.  
MAYOR PRO TEM

Janis C. Hamm  
COUNCILMEMBER

James C. Ledford, Jr.  
COUNCILMEMBER

James A. Root  
COUNCILMEMBER

January 21, 1991

Mr. Gary J. Hartley  
County of Los Angeles  
Department of Public Works  
900 South Fremont Avenue  
Alhambra, CA 91803-1331

Re: Negative Declaration for Construction of Water System  
Facilities for Los Angeles County Waterworks Districts  
No. 4--Lancaster, and No. 34--Desert View (Ritter Ranch  
Facilities)

Dear Mr. Hartley:

This is in response to the above-referenced Negative Declaration distributed by your office on September 10, 1990. The project description is in conformance with the off-site water delivery proposal submitted to us by the Ritter Ranch Specific Plan project proponents. Staff does, however, feel that the water delivery system evaluated in this negative declaration will serve as a significant inducement to growth in the southwestern portion of the Antelope Valley and Leona Valley. Therefore, the negative declaration is incorrect in its appraisal of Environmental Effects item 4.k. (Induce substantial growth or concentration of population). The conclusion of the initial study should have been to require mitigation to alleviate the impacts associated with the growth facilitated by the proposed water facilities.

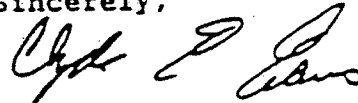
The City of Palmdale, through our review of the proposed project, is addressing the issue of inducements to growth. We have preliminarily determined that construction of the project and associated infrastructure will contribute substantially to

Ltr to G. Hartley  
January 21, 1991  
Page 2

additional regional growth. The Environmental Impact Reports currently being prepared for the Ritter Ranch, City Ranch and Assessment District 90-1 projects will all provide mitigation for growth-related impacts impinging on this area. Copies of these documents will be transmitted to you for review within the next few months.

If you have any questions concerning these comments, please contact Laurie Lile, Associate Planner, at (805) 272-9613.

Sincerely,



Clyde E. Evans  
Director of Planning

CEE/lkl/wp5528

cc: Sonja Wilson



COUNTY OF LOS ANGELES  
DEPARTMENT OF PUBLIC WORKS

900 SOUTH FREMONT AVENUE  
ALHAMBRA, CALIFORNIA 91803-1331  
Telephone: (818) 458-5100

THOMAS A. TIDEMANSON, Director

ADDRESS ALL CORRESPONDENCE TO  
P O BOX 1460  
ALHAMBRA, CALIFORNIA 91802-1460

February 28, 1991

IN REPLY PLEASE  
REFER TO FILE

W-0

Ms. Susan J. Barnett  
Environmental Coordinator  
Department of Community Development  
City of Lancaster  
44933 North Fern Avenue  
Lancaster, California 93534

Dear Ms. Barnett:

NEGATIVE DECLARATION FOR CONSTRUCTION OF  
WATER SYSTEM FACILITIES FOR LOS ANGELES COUNTY WATERWORKS  
DISTRICTS NOS. 4, LANCASTER AND 34, DESERT VIEW HIGHLANDS

This letter will respond to comments contained in your October 26, 1990 letter pertaining to the subject Negative Declaration. Waterworks staff have not found any evidence or documentation of archaeological significant sites in the vicinity of either 70th Street West and Avenue G-12 or 60th Street West and Avenue L-12. The area around 70th Street West and Avenue G-12 has been actively farmed for over sixty years and such activities would have long since destroyed anything of archaeological significance. The pump station at 60th Street West and Avenue L-12 will be located within the District's existing pump station site which has already been extensively developed.

Waterworks on May 16, 1989 entered into an agreement with Eastside Well Project No. 54 and 55, Inc., which assures financing for the construction of the 36-inch diameter water transmission main in 20th Street East from Avenue I to Avenue H, in Avenue H from 20th Street East to 60th Street West and in 60th Street West from Avenue H to Avenue J.

Waterworks has approved plans for the 36-inch diameter water transmission main in 60th Street West from Avenue J to Avenue M. An agreement with developers on the west side of 60th Street West is being finalized which will assure construction of this reach. This agreement also incorporates construction of water storage reservoirs at Waterworks' Avenue M and 62nd Street West reservoir site.

A construction contract has already been awarded to construct 12 million gallons of storage at Waterworks' Avenue M and 5th Street East site. Grading of the site has already been completed and erection of the tanks should begin shortly.

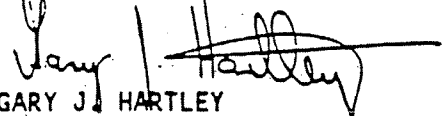
Ms. Susan J. Barnett  
February 28, 1991  
Page 2

AVEK's Quartz Hill Treatment Plant currently has a capacity of 50 million gallons per day. With the implementation of its "Facility Capacity Fee", AVEK will be completing the Quartz Hill Plant to its maximum capacity of 65 million gallons per day as high priority work.

Waterworks appreciates your comments on the Negative Declaration and hope that this letter reassures you that your concerns have been adequately addressed. If you need further information, please contact Mr. George Papik at (818) 458-7149.

Very truly yours,

T. A. TIDEMANSON  
Director of Public Works



GARY J. HARTLEY  
Assistant Deputy Director  
Waterworks and Sewer Maintenance Division

GMP:jsk  
WW3624



# City of Lancaster

44933 North Fern Avenue  
Lancaster, California 93534  
805-723-6000



October 26, 1990

County of Los Angeles  
Department of Public Works  
Attn: George Papik  
900 South Fremont Avenue  
Alhambra, California 91803-1331

Subject: Negative Declaration for Construction of Water System Facilities for Los Angeles County  
Waterworks Districts No. 4 and 34

Dear Mr. Papik:

Thank you for the opportunity to review the Negative Declaration for the above referenced project. The City's Department of Community Development recommends that an archaeological survey be conducted for the sites in the vicinity of 70th Street West/Avenue G-12 and Avenue L-12/60th Street West to verify that there are no cultural or historical resources on the sites. The following comments are from the City Engineer, Ken Putnam, of the Department of Public Works:

This project conforms to the overall unadopted Master Plan entitled the "Antelope Valley Water System". However, for the City of Lancaster to receive any substantial benefits to counteract the potential to mine the Lancaster groundwater sub-basin, there needs to be incorporated an agreement that this project will not be put into service until the remainder major elements of the Master Plan are assured of financing and are progressing toward completion. These other facilities are namely:

- 1) 36" diameter (minimum) transmission water main in 20th Street East from Avenue I north to Avenue H.
- 2) 36" diameter (minimum) transmission water main in Avenue H from 20th Street East westerly to 70th Street West and thence northerly in 70th Street West to Avenue G-12 where the three wells are proposed to be drilled.
- 3) 36" diameter (minimum) transmission water main in 60th Street West from Avenue H southerly to Avenue L-12 to an interconnection with the existing AVEK pipeline at that location.
- 4) Completion of a minimum of 50% of the capacity of the planned water storage reservoirs at Avenue M/5th Street East Tank Site and at Avenue M/62nd Street West Tank Site (including connecting pipelines).
- 5) Increase in Treatment Plant capacity of AVEK's Quartz Hill Treatment Plant to a minimum of 65,000,000 gallons per day.

**RECEIVED**

FROM:

NOV 05 1990

SECTION  
SEWER MAINTENANCE  
WATERWORKS DIVISION

# City of Lancaster

County of Los Angeles  
Department of Public Works  
October 26, 1990  
Page 2

If you have any questions regarding these comments, please contact Ken Putnam or me at the phone number listed above.

Sincerely,



Susan J. Barnett  
Environmental Coordinator  
Department of Community Development

SB

cc: Ken Putnam



COUNTY OF LOS ANGELES  
DEPARTMENT OF PUBLIC WORKS

900 SOUTH FREMONT AVENUE  
ALHAMBRA, CALIFORNIA 91803-1331  
Telephone: (818) 458-5100

THOMAS A. TIDEMANSON, Director

ADDRESS ALL CORRESPONDENCE TO  
P.O. BOX 1460  
ALHAMBRA, CALIFORNIA 91802-1460

February 28, 1991

IN REPLY PLEASE

W-0

Mr. Harold M. Fones  
Palmdale Water District  
2005 East Avenue Q  
Palmdale, California 93550

Dear Mr. Fones:

NEGATIVE DECLARATION FOR CONSTRUCTION OF WATER SYSTEM  
FACILITIES FOR LOS ANGELES COUNTY WATERWORKS DISTRICTS  
NOS. 4, LANCASTER AND 34, DESERT VIEW HIGHLANDS

The Waterworks Districts, as stated in the Negative Declaration, would utilize the three wells only in emergency situations, that is when AVEK water is not available or sufficient to meet demands. The Districts have no intention of operating these at capacity for extended periods of time. It is because of this mode of operation of the wells that the effect on the available groundwater supply will be negligible.

Last year, Waterworks used 55% AVEK water to supply its customers in these two Districts and currently has the capability to use up to 75% AVEK water. Upon completion of certain major transmission mains and storage reservoir projects within the next two to five years, the District will have the ability to utilize 90% to 100% AVEK water.

Waterworks is presently evaluating several methods of artificially recharging the groundwater basin underlying the Antelope Valley. Among methods being analyzed are surface spreading grounds, percolation chambers and injection wells. These studies are in very preliminary stages at this time. As the studies progress, affected water purveyors will be kept apprised of our findings.

Thank you for expressing your views concerning the proposed water system facilities as described in the Negative Declaration. If you need further information, please contact Mr. George Papik at (818) 458-7149.

Very truly yours,

T. A. TIDEMANSON  
Director of Public Works

GARY J. HARTLEY  
Assistant Deputy Director  
Waterworks and Sewer Maintenance Division

GMP:jsk  
WW3554



# PALMDALE WATER DISTRICT

Board of Directors

2005 East Avenue Q Palmdale California 93550

Telephone 805/341-1111  
Fax 805/341-5504

LESLIE D. CARTER

WALTER M. CARLTON

JOHN SAGE

JOHN M. SWEET

JOHN M. SWEET

October 8, 1990

Mr. Gary J. Hartley  
Los Angeles County Water Works  
900 S. Fremont Ave., 9th Floor  
Alhambra, CA 91803

SUBJECT: NEGATIVE DECLARATION NO. 124

Dear Mr. Hartley:

The Board of Directors of the Palmdale Water District have expressed concern about the project involved with the Ritter Ranch and the proposed improvements related thereto. Even though the initial study concludes there will be no significant effect on the environment and states there will be no depletion of ground water resources, it appears to the Board that, in fact, there will be significant effects, and, therefore, a negative declaration is insufficient.

In the description of the project, it is stated that there will be three 2,000 gallon per minute wells. These wells could then operate at a production rate of 9,600 ac. ft. a year and, by so doing, consume 15-20% of the available ground water in the Antelope Valley. This would appear to be in conflict with your statement that this would not substantially degrade or deplete the ground water resource.

In addition, the negative declaration states that there is an aggressive County program to reduce the amount of well water in favor of increasing use from AVEK. We would like more information on such a program. In addition, the negative declaration states that there is a program being evaluated to recharge the ground water with AVEK water. We are, of course, interested in such information as you may have on that, and I believe implementation of a recharge program to offset additional pumping would be appropriate in this case.

OCT 10 1990

SECTION  
SEWER MAINTENANCE  
WATERWORKS / DIVISION


Mr. Gary J. Hartley  
Los Angeles County Water Works

-2-

October 8, 1990

These are the comments we have to make on this Negative Declaration No. 124. Please keep us advised as to the progress on this project.

Very truly yours,

  
HAROLD M. FONES,  
Engineer-Manager

HMF/dtr

cc: Mr. H. Jess Senecal  
Board of Directors

## AMENDMENT NO. 1

AMENDMENT TO RITTER RANCH WATER SYSTEM AGREEMENT BETWEEN  
RITTER PARK ASSOCIATES AND LOS ANGELES COUNTY  
WATERWORKS DISTRICT NO. 34, DESERT VIEW HIGHLANDS

This Amendment is made to Agreement No. 66407 by and between Ritter Park Associates, a California Limited Partnership, and the Los Angeles County Waterworks District No. 34, Desert View Highlands dated March 31, 1992.

Delete AGREEMENT paragraphs 2.1 and 3.2 and add the following language:

2.1 Cost of PROJECT

Except as provided herein, BUILDER shall pay all costs associated with PROJECT, but shall be entitled to reimbursement for oversizing PROJECT features as set forth in AGREEMENT. DISTRICT shall be entitled to request oversizing or betterment to PROJECT. DISTRICT shall only pay for the cost of any oversizing or betterment requested by DISTRICT.

3.2 Emergency Water Supply

DISTRICT restrictions on grading water and permanent meter connections imposed on BUILDER due to drought or earthquake shall be equal to those imposed on other District customers, in conformance with adopted DISTRICT Rules and Regulations in effect at the time. BUILDER may provide to DISTRICT the additional potable water supply needed for DEVELOPMENT to continue during times in which restrictions would otherwise be imposed. This additional water supply must be obtained from outside the Antelope Valley Basin and be delivered to the Antelope Valley-East Kern Water Agency's Quartz Hill Treatment Plant. BUILDER also has the option of utilizing physically banked water which was obtained from outside the basin, but only to the extent that the amount to be withdrawn does not exceed the amount banked.

Except as expressly provided above, all other terms and conditions of AGREEMENT 66407 shall remain in full force and effect.

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be executed by their respective officers, duly authorized by Ritter Park Associates, a California Limited Partnership, on September 10, 1992 and by the LOS ANGELES COUNTY WATERWORKS DISTRICT NO. 34, DESERT VIEW HIGHLANDS on September 22, 1992.

RITTER PARK ASSOCIATES, a  
California Limited Partnership

By: Adelson Investment Partnership, a  
California Limited Partnership

By: Adelson Investment, Inc., a  
California Corporation

By: [Signature]

Its: Chairman

By: \_\_\_\_\_

Its: \_\_\_\_\_

**ADOPTED**

BOARD OF SUPERVISORS  
COUNTY OF LOS ANGELES

LOS ANGELES COUNTY WATERWORKS  
DISTRICT NO. 34, DESERT VIEW HIGHLANDS

70

MAR 31 1992

By: [Signature]  
Chairman of the Board of Supervisors  
of the County of Los Angeles as the  
governing body thereof

[Signature]  
LARRY J. MONTEILH  
EXECUTIVE OFFICER

APPROVED AS TO FORM:

ATTEST:

DEWITT W. CLINTON  
County Counsel

LARRY J. MONTEILH  
Executive Office-Clerk of the  
Board of Supervisors

By: [Signature]  
Deputy

By: [Signature]  
Deputy

GMP:cs/WW6084.gmp



STATE OF CALIFORNIA

COUNTY OF Los Angeles

SS.

On September 10, 1997 before me, the undersigned, a Notary Public in and for said State, personally appeared, Merv Adelson personally known to me (or proved to me on the basis of satisfactory evidence) to be the person whose name subscribed to the within instrument and acknowledged that he executed the same. Witness my hand and official seal.

Signature:

Lajuana Latiolais

Lajuana Latiolais  
Name (printed)







MINUTES OF THE BOARD OF SUPERVISORS  
COUNTY OF LOS ANGELES, STATE OF CALIFORNIA

Larry J. Monteilh, Executive Officer  
Clerk of the Board of Supervisors  
383 Hall of Administration  
Los Angeles, California 90012

Director of Public Works

At its meeting held March 31, 1992, the Board took the following action:

70

The following matter was called up for consideration:

Director of Public Works' recommendation to, acting as the governing body of County Waterworks District No. 34, Desert View Highlands (5), approve agreement with Ritter Park Associates, in amount of \$13,615,000, funded by developers and/or public financing districts, for construction of wells, chlorination facilities, forebay, booster pumping stations, water transmission mains and necessary appurtenances in the areas north and west of the City of Palmdale; and authorize Director to negotiate and approve any subsequent revisions to the time limits for any of the various phases of the project; also approve Negative Declaration and find that the project will have no adverse effect on wildlife resources and authorize Director to complete and file a Certificate of Fee Exemption for the project.

(Continued on Page 2)

Syn. 70 (Continued)

Gary Hartley, representing the Department of Public Works, addressed the Board.

After discussion, on motion of Supervisor Molina, seconded by Supervisor Edelman, duly carried by the following vote: Ayes: Supervisors Molina, Edelman and Dana; Noes: None; Abstentions: Supervisor Antonovich (Supervisor Hahn being absent), the Director of Public Works' attached recommendations were adopted, with the clear understanding that financing for this project will be borne totally by the developers, with no cost to the County or the Waterworks District, and this provision is to be included in the agreement with Ritter Park Associates.

10331-8.com

Attachment

Copies distributed:

Each Supervisor

Chief Administrative Officer

County Counsel

Auditor-Controller



MINUTES OF THE BOARD OF SUPERVISORS  
COUNTY OF LOS ANGELES, STATE OF CALIFORNIA

Larry J. Monteilh, Executive Officer  
Clerk of the Board of Supervisors  
383 Hall of Administration  
Los Angeles, California 90012

Director of Public Works

At its meeting held August 11, 1992, the Board took the following action:

71.

The following matter was called up for consideration:

Supervisor Antonovich's recommendation to rescind Board action of March 31, 1992, relating to waterworks agreement with Ritter Park Associates; and instruct the Director of Public Works to prepare an analysis of the growth enhancement impacts of the project, together with a report as to why an Environmental Impact Report was not required.

Thomas A. Tidemanson, Director of Public Works, and interested persons addressed the Board.

After discussion, Supervisor Antonovich made a motion that the Board require the Developer to install a 48-inch transmission line as condition of approving agreement. Said motion failed for lack of a second.

(Continued on Page 2)

Syn. 71 (Continued)

On motion of Supervisor Hahn, seconded by Supervisor Dana, duly carried by the following vote: Ayes: Supervisors Molina, Hahn and Dana; Noes: Supervisor Antonovich (Supervisor Edelman being absent), the Board took the following actions:

1. Received and filed Supervisor Antonovich's recommendation to rescind Board action of March 31, 1992, relating to waterworks agreement with Ritter Park Associates and instruction to the Director of Public Works to prepare an analysis of the growth enhancement impacts of the project, together with a report as to why an Environmental Impact Report was not required; and
2. Approved an amendment to the original agreement with Ritter Park Associates which was approved on March 31, 1992, as recommended by the Director of Public Works and set forth in the attached Exhibits A and B; and
3. Instructed the Director of Public Works and County Counsel to prepare an amendment to the agreement and instructed the Chairman to sign the amendment upon presentation.

30811-4.com

Attachments

Copies distributed:

Each Supervisor  
Chief Administrative Officer  
County Counsel  
Auditor-Controller

2.1 Cost of PROJECT

Except as provided herein, BUILDER shall pay all costs associated with PROJECT, but shall be entitled to reimbursement for oversizing PROJECT features as set forth in AGREEMENT. DISTRICT shall be entitled to request oversizing or betterment to PROJECT. DISTRICT shall only pay for the cost of any oversizing or betterment requested by DISTRICT.

### 3.2 Emergency Water Supply

DISTRICT restrictions on grading water and permanent meter connections imposed on BUILDER due to drought or earthquake shall be equal to those imposed on other District customers, in conformance with adopted District Rules and Regulations in effect at the time. BUILDER may provide to DISTRICT the additional potable water supply needed for DEVELOPMENT to continue during times in which restrictions would otherwise be imposed. This additional water supply must be obtained from outside the Antelope Valley Basin and delivered to the Antelope Valley-East Kern Water Agency's Quartz Hill Treatment Plant. BUILDER also has the option of utilizing physically banked water which was obtained from outside the Basin, but only to the extent that the amount to be withdrawn does not exceed the amount banked.



# EXHIBIT 2



AMENDED AND RESTATED WATER SYSTEM AGREEMENT BETWEEN  
LOS ANGELES COUNTY WATERWORKS DISTRICT NO. 40,  
ANTELOPE VALLEY, AND PALMDALE HILLS PROPERTY, LLC

This Amended and Restated Water System Agreement (the "Agreement") is made by and between Palmdale Hills Property, LLC (the "Builder"), and Los Angeles County Waterworks District No. 40, Antelope Valley, a public county waterworks district formed pursuant to Division 16 of the State Water Code (the "District") (the Builder and the District, each a "Party" and collectively, the "Parties") on this 15th day of August of 2006.

RECITALS

WHEREAS, in 1992, District and Ritter Park Associates entered into Water System Agreement No. 66407 (the "1992 Water System Agreement") concerning water service to be provided to the Development; and

WHEREAS, Builder claims that it purchased the 1992 Water System Agreement in connection with the bankruptcy case ("Bankruptcy Case") entitled In Re Ritter Ranch Development, L.L.C., United States Bankruptcy Court for the Central District Court of California, Case No. 98-25043 GM; and

WHEREAS, the District filed litigation ("Litigation") disputing the fact that the 1992 Water System Agreement was assigned to Builder in the Bankruptcy Case but the parties have agreed to execute this Agreement in settlement of said litigation; and

WHEREAS, the Builder is currently the undisputed sole owner and developer of the Development; and

WHEREAS, the Development currently is located within the legal boundaries of the District; and

WHEREAS, the Builder is requesting potable water service for the Development from the District, which service the Builder acknowledges would be subject to the District's Rules and Regulations; and

WHEREAS, under Section 1-C-1c of the Rules and Regulations, the District may provide water service to the Development following completion by the Builder, at its sole cost and expense, and acceptance by the District, of the WSI necessary for the Development; and

WHEREAS, under Section 1-E-1 of the Rules and Regulations, when new water system facilities such as the WSI are needed for a development, the District must require a written agreement for the construction of water system facilities as a condition precedent to providing water service to the Development; and

WHEREAS, under the Rules and Regulations, the Builder must pay Water Supply Charges and Water Supply Reliability Charges to the District for the Development as a prerequisite to obtaining Conditional Will-Serve Letters and water service connections from the District; and

WHEREAS, under the Rules and Regulations, the District will apply certain credits against such Water Supply Charges and Water Supply Reliability Charge based on, among other consideration, the Builder's construction of the WSI for the Development, at the Builder's sole cost and expense; and

WHEREAS, under the Rules and Regulations, if the Builder completes a WSI that will have Excess Capacity used by Participants, the Builder is entitled to seek financial reimbursement from these Participants to offset the cost incurred by the Builder for the Excess Capacity relating to said WSI; and

WHEREAS, the District and the Builder are entering into this Agreement as contemplated under Sections 1-C-1c and 1-E-1 of the Rules and Regulations; and

WHEREAS, the Parties seek to amend and restate the entirety of the 1992 Water System Agreement such that this Agreement shall serve as the full and complete written agreement of the Parties concerning the subject matter described herein.

### TERMS OF THE AGREEMENT

Therefore, in consideration of the recitals, terms, and conditions in this Agreement, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged by all Parties, the Parties agree as follows:

#### 1.0 DEFINITIONS

For the purposes of this Agreement, the following words, terms, phrases and their derivations have the meanings set forth below.

"Applicable Laws" means all federal, state, and local statutes, ordinances, permits, and regulations affecting or regulating the construction, installation, and/or operation of all WSI and In-Tract Facilities, including, without limitation, the California Environmental Quality Act (Cal. Public Resources Code §§ 21000 *et. seq.*) and all related requirements ("CEQA").

"AVEK" means the Antelope Valley-East Kern Water Agency.

"Billing Unit" means Billing Unit as said term is used in connection with "metered service" in Rule 2-A-1 of the Rules and Regulations.

"Builder" means Palmdale Hills Property, LLC.

"Board of Supervisors" means the Los Angeles County Board of Supervisors, acting as the governing Board of the District.

"City" means the City of Palmdale, California.

"CFD" means a Community Facilities District formed for operation of various services systems, including water, for the Development.

"CFD-Financed Improvements" means any portion of the WSI to be financed through a CFD.

"Conditional Will-Serve Letters" means Conditional Will-Serve Letters that the District employs as a conditional statement to provide a water service connection to any given property or location for the purpose of assisting an applicant in satisfying requirements relating to the service of potable water to record a subdivision map, in the form attached hereto as Exhibit D.

"Cost Value" means the following items, computed based on a written accounting delivered by the Builder to the District in a form acceptable to the District: i) payments to third-party contractors, consultants, and suppliers for the actual design, engineering, construction, and inspection of a WSI; ii) payments to third parties to acquire property or rights-of-way for the purpose of locating a WSI.

"Development" means that certain development project consisting of residential and other uses as identified in the summary of the Specific Plan approved by the City of Palmdale, commonly referred to as the Ritter Ranch Development, and located on the Ritter Property.

"District Engineer" means the Assistant Deputy Director of the Waterworks and Sewer Maintenance Division as stated in rule 1-A-12 of the Rules and Regulations.

"EDU" or "Equivalent Dwelling Units" means a unit of measurement equivalent to a typical single-family residence served by a 3/4-inch domestic water meter.

"Engineer" means the Builder's engineer employed pursuant to Section 3.5 of this Agreement.

"Excess Capacity" means capacity in the WSI that is greater than that required by the Development.

"Acceptance" or "Accepted" means execution by the District Engineer of a deed and bill of sale, in the form provided by the District, accepting a WSI or In-Tract Facility, gratis, as constructed and completed pursuant to the terms of this Agreement, thereby accepting ownership of the WSI or In-Tract Facility by the District.

"Hazardous Materials" means any substance, material, or waste which is or becomes regulated by any local governmental authority, the County of Los Angeles, the State of California, a regional governmental authority, or the United States Government, including, but not limited to, any material or substance which is (i) defined as a "hazardous waste," "extremely hazardous waste," or "restricted hazardous waste" under Sections 25115, 25117, or 25122.7, or listed pursuant to Section 25140 of the California Health and Safety Code, Division 20, Chapter 6.5 (Hazardous Waste Control Law), (ii) defined as a "hazardous substance" under Section 25316 of the California Health and Safety Code, Division 20, Chapter 6.8 (Carpenter-Presley-Tanner Hazardous Substance Account Act), (iii) defined as a "hazardous material," "hazardous substance," or "hazardous waste" under Section 25501 of the California Health and Safety Code, Division 20, Chapter 6.95 (Hazardous Materials Release Response Plans and Inventory), (iv) defined as a "hazardous substance" under Section 25281 of the California Health and Safety Code, Division 20, Chapter 6.7 (Underground Storage of Hazardous Substances), (v) petroleum, (vi) friable asbestos, (vii) polychlorinated biphenyls, (viii) listed under Article 9 or defined as "hazardous" or "extremely hazardous" pursuant to Article 11 of Title 22 of the California Administrative Code, Division 4, Chapter 20, (ix) designated as "hazardous substances" pursuant to Section 311 of the Clean Water Act (33 U.S.C. §13-17), (x) defined as a "hazardous waste" pursuant to Section 1004 of the Resource Conservation and Recovery Act, 42 U.S.C. §6901 et seq. (42 U.S.C. §6903), or (xi) defined as "hazardous substances" pursuant to Section 101 of the Comprehensive Environmental Response, Compensation, and Liability Act, 42 U.S.C. §9601 et seq.

"In-Tract Facilities" means in-tract water distribution facility(ies) not included in the WSI needed to serve the Development, which may consist of booster pumping stations, water mains, pressure reducing stations, water storage reservoirs and other facilities to provide a certain amount of equalizing, emergency, and fire storage for each phase of construction of the Development.

"In-Tract Plans and Specs" means the plans and specifications for the In-Tract Facilities for any given Phase of the Development, prepared by the Engineer and submitted by or on behalf of the Builder to the District for the District's review and approval prior to commencement of construction of any In-Tract Facility within the Phase.

"Non-Potable Water Uses" means irrigation of parks, golf courses, common landscaped areas, road landscaping, and any other areas where non-potable water can be legally utilized in lieu of potable drinking water.

"Participants" means those third parties designated as participants under rule 1-A-46 of the Rules and Regulations.

"Participation Letter" means a Participation Letter as said term is used in Rule 1-A-46 of the Rules and Regulations.

"Phase" means a phase of the Development as depicted in a tentative subdivision map submitted for approval to the City.

"Reimbursement Period" means the ten-year period following Acceptance of a WSI, per Rule 1-A-46 of the Rules and Regulations, during which period the Builder is permitted to collect reimbursement from Participants against the Cost Value of Excess Capacity in the WSI.

"Ritter Property" means that certain real property located in the City, as shown on attached Exhibit A and described as shown on attached Exhibit B.

"Rules and Regulations" means the Rules and Regulations of the Los Angeles County Waterworks Districts and the Marina del Rey Water System, as these may be amended and adopted under Water Code Section 55333 from time to time for the District by the Board of Supervisors.

"Settlement Agreement" means the settlement agreement of even-date herewith executed by the Parties to resolve the Litigation.

"Water Supply Charges" means Water Supply Charges, including, without limitation, capital improvement charges and the local system improvement charge as listed in Rule 1-A-44 of the Rules and Regulations, as said rule may be amended from time to time by the District pursuant to law.

"Water Supply Reliability Charge" means Water Supply Reliability Charge, consisting of a water banking fee, a groundwater supply fee, and a recycled water fee as defined pursuant to Rules 1-A-44 and 4-A-1f of the Rules and Regulations, as said rule may be amended from time to time by the District pursuant to law.

"Water System Rights of Way" means any and all rights of way and property rights as may be necessary to legally access, construct, operate, and maintain all WSI and In-Tract Facilities and appurtenances, in perpetuity.

"WSI" means the off-site water system improvements and/or facilities, as shown on attached Exhibit C-1, to be completed by the Builder pursuant to the schedule shown on attached Exhibit C-3 or as may have been constructed by third parties, that are needed to serve the Development, including as contemplated in Rules 1C-1c and 1-E-1 of the Rules and Regulations, consisting of off-site pumping stations, regulation stations, water transmission mains, gravity storage reservoirs, forebay reservoirs, groundwater injection and extraction wells, and any appurtenant facilities shown on attached Exhibit C-1, which, collectively and together with the In-Tract Facilities, are needed to meet adequate domestic water service and fire protection for the Development.

"WSI Plans and Specs" means the plans and specifications for the construction of WSI prepared by the Engineer on behalf of the Builder for review and approval by the District prior to commencement of construction of any WSI.

## 2.0 CONSTRUCTION AND FUNDING OF WSI AND IN-TRACT FACILITIES FOR DEVELOPMENT

- 2.0.1 Builder Solely Responsible for Design and Construction of WSI. Builder will be solely responsible for completing the design and construction of the WSI pursuant to the WSI Plans and Specs in accordance with the schedule set forth in Exhibit C-3, subject to the District's option to terminate this Agreement under Section 9.2 below should the Builder fail to complete the WSI by August 15, 2016.
- 2.0.2 Submission and Approval of WSI Plans and Specs. The Builder will submit the WSI Plans and Specs to the District for the District's review and pre-approval by the District. The Builder shall ascertain that the WSI Plans and Specs conform to the District's standards for design and construction of the WSI, and the Builder shall respond and modify the WSI Plans and Specs to conform to said standards upon the District's request. The District shall provide its written approval on the WSI Plans and Specs to the Builder upon the District's approval that the WSI Plans and Specs meet the District's standards.
- 2.0.3 Significance of District's Review and Approval of WSI Plans and Specifications. Although the District shall have the option, at its sole discretion, to provide comments to the Builder in response to the Builder's submission of WSI Plans and Specs, the District's review of the WSI Plans and Specs shall be solely for the purpose of ascertaining that the Builder is meeting the District's standards for completing the WSI. In no case shall the District be deemed the author of the WSI Plans and Specs, or the designer or builder of the WSI. The District's review and/or approval of the WSI Plans and Specs, the District's conduct of any inspections of the WSI, or the District's acceptance of said improvements shall not modify or void any warranties, releases, or indemnities in favor of the District, relieve the Builder of any obligation under this Agreement, or relieve the Builder of its responsibility for the Builder to competently design and construct the WSI without defects in materials or workmanship.
- 2.0.4 Builder to Fund Certain Engineering and Associated Costs of District. Within thirty (30) calendar days of the Builder's receipt of an invoice from the District, the Builder shall pay the District the District's costs associated with reviewing the WSI Plans and Specs, processing any right-of-way documents, and inspecting the construction of the WSI. The District shall not proceed with review of any WSI Plans and Specs submitted by Builder or with any inspection of WSI until all plan check or inspection fees have been paid to the District.

- 2.0.5 Phasing of WSI Construction. The Builder shall complete the construction of WSI in accordance with the required WSI and schedule provided in Exhibit C-3 of this Agreement. The Builder must complete all of the WSI by no later than August 15, 2016, or this Agreement shall terminate.
- 2.0.6 Builder's Participation in WSI Built by Others. Prior to the issuance of the first Conditional Will-Serve Letter for any Phase of the Development, Builder shall provide the District a Participation Letter evidencing Builder's satisfactory financial contribution for its participation in all WSI completed by third parties, as said WSI is identified in the attached Exhibit C-1.
- 2.1 Completion by Builder of In-Tract Facilities
- 2.1.0 Builder Solely Responsible for Design and Construction of In-Tract Facilities for Each Phase. Builder shall be solely responsible for completing the design and construction of the In-Tract Facilities for each Phase, at the Builder's sole cost and expense, pursuant to the approved In-Tract Plans and Specs for said Phase, prior to requesting from the District or the District providing the Builder any Conditional Will-Serve Letters for said Phase of the Development.
- 2.1.1 Submission and Approval of In-Tract Plans and Specifications. The Builder shall submit the In-Tract Plans and Specs to the District for the District's review and approval by the District. The Builder shall ascertain that the In-Tract Plans and Specs conform to the District's standards for design and construction of the In-Tract Facilities. The District shall provide its written approval on the In-Tract Plans and Specs to the Builder upon the District's approval that the In-Tract Plans and Specs meet the District's standards.
- 2.1.2 Significance of District's Review and Approval of In-Tract Plans and Specs. Although the District shall have the option, at its sole discretion, to provide comments to the Builder in response to the Builder's submission of In-Tract Plans and Specs, the District's review of the In-Tract Plans and Specs shall be solely for the purpose of ascertaining that the Builder is meeting the District's standards for completing the In-Tract Facilities. In no case shall the District be deemed the designer or builder of the In-Tract Facilities. The District's review and/or approval of the In-Tract Plans and Specs, the District's conduct of any inspections of the In-Tract Facilities, or the District's acceptance of said improvements shall not void or modify any releases, warranties or indemnities in favor of the District, relieve the Builder of any obligation under this Agreement, or relieve the Builder of its responsibility for the Builder to competently design and construct the In-Tract Facilities without defects in materials or workmanship.

- 2.1.3 Builder to Fund Certain Engineering and Associated Costs of District. Within thirty (30) calendar days of the Builder's receipt of an invoice from the District, the Builder shall pay the District the District's costs associated with reviewing the In-Tract Plans and Specs, processing any right-of-way documents, and inspecting the construction of the In-Tract Facilities. The District shall not proceed with review of any In-Tract Plans and Specs submitted by Builder or with any inspection of In-Tract Facilities until all plan check or inspection fees have been paid to the District.
- 2.2 Reimbursement by Participants of Off-site WSI of Builder's Cost Value of Excess Capacity
- 2.2.1 Reimbursement for Excess Capacity of Off-site WSI Financed by Builder. Upon the Builder delivering to the District the necessary accounting of the Cost Value of the WSI, the District shall require a Participation Letter signed by the Builder. This letter must be submitted to the District by all Participants that apply for water service during the Reimbursement Period by using Excess Capacity in the WSI that was built and financed entirely by the Builder (i.e., not a CFD-Financed Improvement). Builder shall **not** be entitled to reimbursement of any portion of the Cost Value of the WSI of any CFD-Financed Improvements.
- 2.2.2 If a Participant pays the Builder for the Participant's share of the use of the Excess Capacity in the WSI, based on the number of EDU's that would rely on Excess Capacity, Builder shall sign and issue a Participation Letter to said Participants.
- 2.3 Rights of Way
- 2.3.1 Builder to Acquire All Needed Rights of Way. The Builder shall have sole responsibility for the cost and expense of the acquisition of all Water System Rights of Way.
- 2.3.2 Transfer of All Rights of Way to District. Prior to the approval by the District of the WSI or In-Tract Facility, the Builder shall dedicate to the District, at the Builder's sole cost and expense, all necessary title and/or property rights to all Water System Rights of Way relating to the WSI and/or In-Tract Facility. Said title shall be free and clear from any liens or encumbrances, including mechanics' liens. Said dedication shall be accomplished by way of grant deed(s), easement agreement(s), in the form(s) acceptable to the District, in favor of the District and in form(s) recordable in the public records of the Los Angeles County Recorder's Office, and/or by way of tract maps acceptable to the District, completed and recorded pursuant to the California Subdivision Map Act.



- 2.4 Construction Water Service. At any time prior to completion of the Development, District shall sell to Builder, if Builder so chooses, temporary metered water service, if the District determines it to be available, from the District's existing water delivery system for the purpose of delivering water for the construction of the WSI or the Development. Such water may be used for grading, dust suppression, and construction revegetation. The District shall deem said construction water to be available so long as it is able to determine that an adequate supply of water is available to meet the needs of the District's existing customers without diminishing the District's current level of service. If Builder or AVEK provide a separate source of water for construction to the Development through existing or newly constructed facilities, the District shall deliver that construction water through District facilities, so long as the Builder pays the District the amounts contained in invoices from the District to cover the District's costs of delivery of said construction water and so long as delivering that water does not adversely impact the delivery of water to existing customers of District.
- 2.5 Bonds. For each phase of the WSI, Builder will furnish or cause to be furnished bonds securing completion of the construction of the WSI ("Completion Bond") and payment of obligations arising from the construction of WSI ("Payment Bond"). The Payment Bonds shall be in the amount of the contract price for the construction of the WSI for each applicable Phase. These bonds shall be in the form prescribed by the District and name the District as beneficiary. The surety on the Performance and Payment Bonds shall be an "admitted surety insurer" as defined by California Code of Civil Procedure Section 995.120.
- 2.6 Bids. In conformance with existing law, District will not require Builder to comply with District's public bid requirements because the Builder is financing the entirety of the WSI and In-Tract Facilities. The District makes no representations regarding the Builder's need to comply with public bid requirements relating to construction of CFD-Financed Improvements.

### 3.0 ADDITIONAL BUILDER'S DUTIES

#### 3.1 Builder Responsible for Compliance with All Applicable Laws

The Builder shall design and build the WSI and In-Tract Facilities in strict compliance with all Applicable Laws, the WSI Plans and Specs, and the In-Tract Plans and Specs. The Builder shall obtain all necessary or applicable permits for the completion and operation of the WSI and the In-Tract Facilities at the Builder's sole cost and expense.

### 3.2 Inspection of Work

Builder shall inform the District's Lancaster office prior to commencement of construction of the WSI for each Phase within a minimum period of forty-eight (48) hours prior to commencement, or longer if needed to allow the District reasonable opportunity to inspect the construction of WSI and In-Tract Facilities. The District shall have access at all times following commencement of the construction of a WSI or In-Tract Facilities to conduct any inspection of any aspect of the construction of the WSI or In-Tract Facilities.

### 3.3 Acceptance of Dedication by District

District shall Accept the dedication of a WSI or an In-Tract Facility only upon the Builder having met all of the following steps for each WSI or In-Tract Facility: 1) completion of construction to the District's satisfaction; 2) payment of all related invoices related to the construction, materials, engineering, pavement repairs, permits and related costs; 3) transfer of any and all warranties from third parties to the District; 4) dedication to the District of all related Water System Rights of Way; and 5) delivery to the District of as-built plans in a form acceptable to the District.

### 3.4 Builder's Agreements with Contractors

The Builder shall be solely responsible to enter into and administer agreements with duly licensed third-party contractors for all work under this Agreement relating to the WSI and/or the In-Tract Facilities in compliance with all Applicable Laws. The Builder shall cause all contractors that commence construction of a WSI or In-Tract Facility to diligently pursue the completion of the WSI or In-Tract Facility to allow Acceptance.

The Builder shall be solely and completely responsible for supervision of each contractor's work so that the WSI and In-Tract Facilities are constructed in a workmanlike manner and in accordance with approved Plans and Specs and all Applicable Laws.

The Builder shall ascertain that each contractor fully complies with all laws regarding employment of aliens and others, and that all employees performing services hereunder meet the citizenship or alien status requirements contained in Federal and State statutes and regulations including, but not limited to, the Immigration Reform and Control Act of 1986 (P.L. 99-603). Builder's contractor(s) shall obtain, from all covered employees performing services hereunder, all verification and other documentation of employment and regulation as they currently exist and as they may be hereafter amended. Builder shall require its contractor to retain such documentation for all covered employees for the period

prescribed by law and shall indemnify, defend, and hold harmless District, its officers and employees, and the County of Los Angeles from employer sanctions and any other liability which may be assessed against District in connection with any alleged violation of Federal statutes or regulations pertaining to the eligibility for employment of persons performing services under Agreement.

In addition, the Builder shall include the following provisions in all of its agreements with third-party contractors:

- i) Assignment of Warranties of Others – Upon Acceptance of the WSI and/or In-Tract Facility, all contractors that worked on the facility shall assign to the District any and all guarantees and warranties provided to them by manufacturers and/or suppliers of materials or equipment used or applied in the construction of the WSI or In-Tract Facility.
- ii) Release of District – Each contractor's agreement shall contain legally enforceable clauses providing that the District and/or the County of Los Angeles shall bear no financial or other responsibility to the contractor in connection with the work performed under that agreement.

3.5 Written Accounting of Cost Value Provided to District for WSI for Each Phase

Within thirty (30) calendar days following the completion of each WSI, the Builder shall provide to the District a full written accounting of the Cost Value of the WSI completed.

3.6 Engineer

The Builder shall enter into a written agreement(s) to employ the services of an engineer or engineers, registered in the State of California and licensed in all applicable engineering disciplines required for completion of the WSI and In-Tract Facilities. The Engineer shall carry errors and omissions insurance in the amount of \$2,000,000 and name the District as an additional insured.

3.7 Administration

Builder agrees that it shall promptly designate an administrator, at Builder's sole expense, to administer and coordinate the provisions of Agreement. Builder also agrees that it will release, indemnify, and hold harmless the District for any action or failures to act by its administrator.

### 3.8 Insurance

Notwithstanding the Builder's requirements of Section 3.4 of this Agreement entitled "Builder's Agreements with Contractors," Builder shall also cause its contractors or subcontractors to provide and maintain at their own expense the following forms and amounts of insurance. Such insurance shall be provided by an insurer, licensed to provide insurance in the State of California to issue insurance policies for the required coverages and limits. Such insurance companies shall have a current A.M. Best's rating of at least "A-" and a financial size category of VIII or more. Evidence of such programs shall be delivered to District on an ongoing basis before the commencement of any work by said contractor or subcontractor relating to any WSI or In-Tract Facility. Such evidence shall specifically identify this Agreement and shall contain express conditions that District is to be given written notice by registered U.S. mail at least thirty (30) days in advance of any modification or termination of any program of insurance. Failure on the part of Builder to cause its contractors or subcontractors to procure or maintain required insurance shall constitute a default of this Agreement.

#### (1) Liability

Such insurance shall be primary to and not contributing with any other insurance maintained by District or County of Los Angeles, shall name District and the County of Los Angeles as insured, in addition to Builder, and shall include, but not be limited to:

- (a) Comprehensive General Liability Insurance endorsed for Premises - Operations, Products/Completed Operations, Explosions, Underground and Collapse, Contractual, Broad-Form Property Damage, and Personal Injury with a combined single limit of not less than \$2,000,000 per occurrence.
- (b) Comprehensive Auto Liability Insurance endorsed for all owned, non-owned, leased, and hired vehicles with combined single limit of at least \$1,000,000 per occurrence.

#### (2) Worker's Compensation

A program of Worker's Compensation Insurance shall be maintained in an amount and form to meet all applicable requirements of the Labor Code of the State of California, including Employers Liability with a \$500,000 limit, covering all persons providing service on behalf of Builder and all risks to such persons under Agreement.

(3) Property Damage

Builder's All Risk Insurance, including flood and earthquake coverage, covering the entire work against loss or damage shall be maintained. Insurance shall be in an amount equal to the replacement cost of the subject construction and improvements and endorsed for broad-form property damage. Deductibles not exceeding five percent (5%) of the construction cost and ten percent (10%) for earthquake will be permitted.

3.9 Builder's Indemnification of District

In addition to any other indemnity under this Agreement and without affecting and notwithstanding any warranties or insurance in favor of the District under any other provision in this Agreement, the Builder shall release, indemnify, defend (with counsel that the District may select, at District's sole and absolute discretion), protect and hold harmless the District and the County of Los Angeles and its special Districts (as third-party beneficiaries), their Supervisors, officers, employees, agents, and successors and assigns (collectively, "Indemnified Parties" or singularly, "Indemnified Party") from and against all claims, damages (including, without limitation special and consequential damages), including punitive damages, injuries, costs, response costs, losses, demands, debts, liens, liabilities, causes of action, suits, legal and administrative proceedings, interest, fines, charges, penalties and expenses (including without limitation attorneys', engineers', consultants', and expert witness fees and costs incurred in defending against any of the foregoing or in enforcing this indemnity) of any kind whatsoever paid, incurred, or suffered by or asserted against any Indemnified Party (collectively, the "Loss"), directly, or indirectly arising from or attributable to (i) the design, installation or construction of any WSI or In-Tract Facility; ii) any lien or encumbrance, including mechanics' liens resulting from work performed to construct a WSI or In-Tract Facility; iii) the operation of any WSI or In-Tract Facility prior to its Acceptance; iv) any act of negligence or willful misconduct of the Builder, and v) the presence or alleged presence of any Hazardous Materials either: a. caused by the Builder or its agents on or in the immediate vicinity of a WSI or In-Tract Facility or on any property transferred by Builder to the District; or b. present on or in the vicinity of a WSI or In-Tract Facility or on any property transferred by Builder to the District on or prior to the date of Formal Acceptance. In addition to being an agreement enforceable under the laws of the State of California, the foregoing indemnity is intended by the parties to be an agreement pursuant to 42 U.S.C. Section 9607(e), Section 107(e) of the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended ("CERCLA"), and California Health and Safety Code Section 25364. The Builder hereby waives its rights with respect to the subject matter described in clauses (i) through (v) of this Section that arise

under California Civil Code §1542, which statute states: "A general release does not extend to claims which the creditor does not know or suspect to exist in his favor at the time of executing the release, which if known by him must have materially affected his settlement with the debtor." The provisions of this Section shall survive the termination or expiration of this Agreement.

### 3.10 Warranties

In addition to any remedy of the District available under this Agreement, under law, or in equity, Builder shall secure warranties of one year in duration from all contractors performing work on a WSI or In-Tract Facility and from their suppliers of material, pumps, pipelines, and equipment for repair or replacement of all such work or materials. The warranties shall inure to the benefit of Builder during the construction of WSI or In-Tract Facility and to the benefit of District upon completion and Acceptance of a WSI or In-Tract Facility.

In addition to the foregoing warranties from contractors or suppliers, and also in addition to any remedy of the District available under law or in equity, the Builder will be obligated to reimburse the District for the repair or replacement, at the District's sole and absolute discretion, of any defective WSI or In-Tract Facility.

The provisions of this Section shall survive the termination or expiration of this Agreement.

### 3.11 Rules and Regulations

The Builder agrees to be bound by the Rules and Regulations, as they may be amended. Notwithstanding the foregoing, in case of any discrepancies between any provision of the Rules and Regulations and this Agreement, to the extent allowed by law, the terms of this Agreement shall prevail.

### 3.12 Responsibility for WSI or In-Tact Facility prior to Acceptance

The Builder shall retain ownership, control of, liability and responsibility for, the WSI or In-Tract Facility and to operate and maintain the WSI or In-Tract Facility in good repair and in good working order, at the Builder's sole cost and expense, at all times before the District's Acceptance of the WSI or In-Tract Facility. The provisions of this Section shall survive the termination or expiration of this Agreement.

### 3.13 Responsibility/Notice of Dangerous Conditions

Builder shall provide good and adequate notice of each and every "dangerous condition," as defined in California Government Code Section

830, caused by the WSI or In-Tract Facility or the construction of any WSI or In-Tract Facility, and the Builder shall protect the public there from.

#### 4.0 WATER CHARGES AND CREDITS

- 4.1 Builder shall receive full credit against all Local System Improvement (Frontage) Charges, Capital Improvement (Acreage) Charges, and Capital Improvement (Tank Capacity) Charges for the Development upon application for metered service pursuant to the District's Rules and Regulations and, also pursuant to the Rules and Regulations, against all other charges and fees for which the Rules and Regulations allow the issuance of credits.
- 4.2 For any given Phase for which the Builder seeks Conditional Will-Serve Letters, full credit against the Groundwater Supply Fee component of the Water Supply Reliability Charge will be given the Builder when said fee becomes due under Section 4-A-1t of the Rules and Regulations if the Builder has completed construction and following Acceptance of all potable water wells applicable to said Phase under Item 2 of Exhibit C-3.
- 4.3 Builder shall pay to the District for each Phase for which Builder seeks water service from District, the Water Banking Fee and Recycled Water Fee components of the Water Supply Reliability Charge, as required under the Rules and Regulations, prior to issuance of Conditional Will-Serve Letters. The amount of those components of the Water Supply Reliability Charge shall not be increased for Builder in connection with the Development prior to August 15, 2016, subject only to an annual increase under the annual construction cost index as published in the *Engineering News Record*.
- 4.4 Upon completion of the construction of the portion of the recycled water system that is located along Elizabeth Lake Road and that is shown as part of the approved backbone recycled water transmission system depicted in the District's *Facilities Planning Report For The Antelope Valley Recycled Water Project* of March 7, 2006, prepared by Kennedy/Jenks Consultants (the "Off-site Backbone Improvements"), (commencing on 30th Street West and proceeding in a westerly direction along Elizabeth Lake Road for a distance of approximately 1.5 miles) and upon Acceptance by the District of the Off-site Backbone Improvements, Builder shall receive a credit against the Recycled Water Fee component of the Water Supply Reliability Charge in an amount that is equivalent to the actual costs paid to third parties by the Builder, computed based on payments to third-party contractors, consultants, and suppliers for the actual design, engineering, construction, and inspection of a WSI, added to payments to third parties to acquire property or rights of way for the purpose of locating the Off-site Backbone Improvements, as shown in a written accounting delivered by the Builder to the District in a form

acceptable to the District. The Parties acknowledge that a 24" Untreated/Recycled/Reclaimed Water Transmission Main in Elizabeth Lake Road from future Bridge road to a reservoir in Ritter Ranch Planning Area 1 is deemed as an Off-site Backbone Improvement that the Builder may opt to construct and submit to the District for a corresponding credit under this Section.

## 5.0 DISTRICT DUTIES

### 5.1 Issuance of Statement of Water Service (Conditional Will-Serve Letter)

Subject to all of the terms and conditions set forth in this Agreement and the Rules and Regulations, if the Builder is in full compliance with this Agreement and the Rules and Regulations, the District shall issue Conditional Will-Serve Letters to the Builder for each Phase upon the Builder meeting the following conditions:

- (1) Except for wells and appurtenant facilities unrelated to the Phase, approval by District of WSI Plans and Specs will be required prior to issuing any Conditional Will-Serve Letter for any Phase; and
- (2) The District must have approved all In-Tract Plans and Specs for said Phase; and
- (3) Subject to receiving the credits that apply under Section 4 above, the Builder must have paid the Water Supply Reliability Charge and all other applicable fees or have constructed all appropriate off-site WSI for said Phase.

### 5.2 Terms of Future Water Service Agreements With Third Parties

The Builder shall be entitled to seek an amendment to this Agreement to obtain an equivalent provision to that which the District may agree in any future written water system agreement adopted by the Board of Supervisors within District's territorial boundaries, concerning: i) the length of term of said water system agreement; ii) fees, charges and credits; iii) the amount of insurance required for construction of a water system; iv) the duration of Conditional Will-Serve Letters; v) the assurance or priority of water supply; or v) the terms of reimbursement by third-party participants for the excess capacity in any water system constructed by the future developer. Should the Builder deliver written notice to the District of the Builder's desire to amend this Agreement to apply the foregoing provisions, the District and the Builder shall enter into a corresponding amendment to this Agreement. Should the District refuse to honor said amendment, the Builder's sole recourse shall be to seek judicial relief to reform



this Agreement to achieve said amendment, and Builder shall not be entitled to any damages, the recovery of attorney's fees, or any other remedy of any nature whatsoever.

### 5.3 Irrigation Water

District to allow Builder to use water for irrigation/slopes in this priority: a) reclaimed water, if available and practicable; b) untreated water if available and practicable; and c) potable water, if Builder complies with all of the District's standards and requirements and constructs and completes all additional needed WSI to allow said deliveries, including amending Exhibit C-1.

## 6.0 ASSIGNMENT AND TRANSFER

### 6.1 Approval of Assignments

Any assignment by the Builder of this Agreement or any Conditional Will-Serve Letter must first be approved in writing by the District. Any transfer of a majority interest in Builder shall be deemed an assignment that will require prior written approval by the District to become effective.

### 6.2 Prior Notice Of Transfer Of Development

Builder shall provide at least forty-five (45) days' advance written notice to District of any and all sales or transfers by Builder of any portion of the Development to any proposed developer. Builder shall obtain written acknowledgment of the terms and conditions of this Agreement from said proposed transferee, duly executed by its authorized representative, including, without limitation, for any Phase of the Development.

## 7.0 TERM OF AGREEMENT

This Agreement shall commence upon the Builder fulfilling its obligations under Sections II.2, II.4, II.5, and II.7.A of the Settlement Agreement. Subject to the District's right to terminate this Agreement under Section 9.2 below, this Agreement shall expire on August 15, 2021.

## 8.0 NOTICE OF APPROVALS

Any required written document or other Notice (herein "Notice") which either party may desire to give to the other party must be in writing and may be given by personal delivery, telecopy, Federal Express or similar overnight service, by United States Express Mail, or Certified Mail return receipt requested with a signed receipt by the party to whom the Notice is addressed, at the address of the party set forth below or at any other address as the parties may later designate in writing:

- (1) To Builder: Mr. Frank Faye  
Regional President  
SunCal Companies  
Los Angeles/Ventura Division  
21900 Burbank Boulevard, Suite 114  
Woodland Hills, CA 91367

With a copy to:

Edward J. Casey, Esq.  
Weston Benshoof Rochefort  
Rubalcava & MacCuish LLP  
333 South Hope Street, 16th Floor  
Los Angeles, CA 90071

- (2) To District: Los Angeles County  
Waterworks District No. 40, Antelope Valley  
P.O Box 1460  
Alhambra, California 91802-1460  
Attention: Manuel del Real  
Assistant Deputy Director

With a copy to:

Frederick W. Pfaeffle, Esq.  
Principal Deputy County Counsel  
County of Los Angeles  
Office of the County Counsel  
648 Kenneth Hahn Hall of Administration  
500 West Temple Street  
Los Angeles, CA 90012

If a Party's address changes, it is the sole obligation of that Party to inform the other Party in writing within thirty (30) days by the method of Notice provided herein.

## 9.0 TERMINATION AND DEFAULT

9.1 In the event of any Party's default under this Agreement, the Party asserting the default shall notify the other Party in writing of the default and describe the nature of the default. Said defaulting Party shall have thirty (30) days to cure the default or if such default cannot be cured within thirty (30) days, said defaulting Party shall commence to cure the default within the thirty (30) day period and diligently prosecute the cure to completion thereafter to the reasonable satisfaction of the other Party. If the defaulting Party fails to comply with the cure provisions of this Section, then the other Party may, in addition to all other legal remedies available to it, seek to terminate this Agreement. Notwithstanding the

forgoing, failure to provide notice of any default shall not be deemed a waiver of said default or of any remedy under this Agreement, in law, or in equity.

9.2 Except for the potable water wells described in item 2. of Exhibit C-3, if the Builder does not complete the construction of the entire off-site WSI and said WSI is not Accepted by August 15, 2016, as provided in Section 2.0.5, above, then the District may, in its sole and absolute discretion, elect to terminate this Agreement. If the District seeks to terminate this Agreement pursuant to this Section, the District shall provide the Builder with thirty (30) days' written notice prior to said termination.

#### 10.0 GOVERNING LAW

This Agreement and any instrument, certificates, or other writing herein provided for shall be governed by and construed and enforced in accordance with the laws of the State of California.

#### 11.0 INVALIDITY

Nothing contained in Agreement or in any instrument, certificate, or other writing herein provided for shall be construed to require the commission of any act contrary to law. Wherever there is any conflict between any provision of this Agreement or of any instrument, certificate, or other writing herein provided for and any material statute, law, ordinance, or regulation, the statute, law, ordinance or regulation shall prevail, except that the provision so affected shall be curtailed and limited only to the extent necessary to bring it within the legal requirements and the remainder of that provision and of the other provisions of the Agreement and of any instrument, certificate, or other writing herein provided for shall continue in full force and effect and shall in no way be affected, impaired, or invalidated, and the Parties shall immediately employ their best efforts in good faith to negotiate a comparably valid provision to substitute for the one deemed to be contrary to law.

#### 12.0 SEVERABILITY

In the event any portion of Agreement to be invalid, illegal, or unenforceable, such portion shall be severed from Agreement, the remaining provisions will not be affected unless their enforcement under the circumstances would be unreasonable, inequitable, or would otherwise frustrate the purposes of the Agreement. The Parties will negotiate in good faith to replace the severed portion of Agreement with a comparably valid provision.

#### 13.0 AMENDMENTS

This Agreement may be amended, modified, superseded, canceled, or terms extended only by mutual written consent executed by the Parties. Oral

modifications are void. A construction change order does not constitute an amendment.

#### 14.0 NO COUNTERPARTS

This Agreement or any amendment or supplement hereto, may not be executed in counterparts.

#### 15.0 PARTIES IN INTEREST

Each and every provision contained herein shall be binding upon and shall inure to the benefit of the Parties, their authorized respective assigns and successors in interest, whether said assigns and successors are private parties or public entities. Both Parties shall require that their authorized respective assigns and successors in interest are to be bound by and to uphold each and every provision of this Agreement. Within five (5) business days following the full execution of this Agreement, the Parties shall cause a Memorandum of this Agreement in a form to be agreed upon by the Parties to be recorded against the Ritter Property in the public records with the Los Angeles County Recorder.

#### 16.0 NO THIRD-PARTY BENEFICIARIES

This Agreement applies only to the Builder, the District, and the Indemnified Parties only and does not create rights in favor of others not a party to Agreement.

#### 17.0 FURTHER ASSURANCES

Each of the Parties hereto shall promptly execute and deliver any and all additional papers, documents, and other assurances, and shall do any and all acts and things reasonably necessary in connection with the performance of their obligations hereunder and to carry out the intent of the Parties.

#### 18.0 ENTIRE AGREEMENT

This Agreement and its attachments contain the entire agreement and understanding between the Parties concerning the subject matter of this Agreement and the attachments hereto and supersede and replace any and all prior or contemporaneous written or oral negotiations, proposed agreements, or agreements concerning that subject matter. There are no representations to induce consent to this Agreement other than those expressly contained in the Agreement and the attachments.

#### 19.0 JOINT VENTURE

This Agreement does not create a joint venture, partnership, or similar relationship between the District and the Builder.

## 20.0 AUTHORITY TO EXECUTE

Each representative of the Parties affixing his or her signature below represents and warrants that he or she has the full legal authority to bind his or her respective Party to all of the terms, conditions, and provisions of this Agreement, that his or her respective Party has the full legal right, power, capacity, and authority to enter into this Agreement and perform all of the obligations herein, and that no other approvals or consents are necessary from his or her respective Party in connection therewith.

## 21.0 MEDIATION

Prior to the filing of any litigation concerning a dispute arising under this Agreement, the Parties shall participate in non-binding mediation for a period of time not to exceed two (2) months from the time that one Party provides written notice to the other Party of such a dispute and its intent to invoke the dispute resolution procedures described in this paragraph. Such mediation shall take place before a mediator jointly selected by the Parties, and Builder and District shall equally bear that mediator's fees. If said mediation does not resolve the dispute within the time period described in the preceding sentence, then any Party may file litigation concerning said dispute. In any such litigation, the prevailing shall recover its reasonable attorneys' fees incurred in such an action.

## 22.0 JOINT AUTHORSHIP

Any uncertainty or ambiguity in this Agreement shall not be construed against any Party, and this Agreement shall be construed as though jointly prepared by all Parties.

## 23.0 INDEPENDENT INVESTIGATION

Each Party conducted an independent investigation of the facts to the extent such Party deemed necessary and prudent prior to entering to this Agreement and relied solely on its own investigation and facts in entering into this Agreement. Each Party received independent legal advice in connection with such Party's decision to enter into this Agreement. Each Party has read and fully understood the entire Agreement prior to executing it.

#### 24.0 FORCE MAJEURE

The Parties shall discharge their respective obligations in this Agreement in accordance with the time limitations set forth in this Agreement provided, however, that said obligations and time limitations shall be extended for a period or periods of time equal to any period of delay caused by fire or other casualty, war, and acts of God such as earthquakes if the Builder provides written notice to the District within one week of the event and if the parties agree to the length of the extension. Promptly after submission of that notice, the Parties shall meet and cooperate with one another to ascertain the nature and extent of the condition contained in the Builder's notice, ways to remove or eliminate said condition, and the reasonable duration of the needed extension.

[Signature page follows]

IN WITNESS WHEREOF, the parties hereto have caused Agreement to be executed by their respective officers, duly authorized by Palmdale Hills Property, LLC, on August \_\_\_, 2006, and by the LOS ANGELES COUNTY WATERWORKS DISTRICT NO. 40, ANTELOPE VALLEY, on August \_\_\_, 2006.

ATTEST:

SACHI A. HAMAI  
Executive Officer of the  
Board of Supervisors  
of the County of Los Angeles

LOS ANGELES COUNTY  
WATERWORKS DISTRICT NO. 40,  
ANTELOPE VALLEY

By \_\_\_\_\_  
Deputy

By \_\_\_\_\_  
Mayor, Board of Supervisors of  
the County of Los Angeles as  
Governing body thereof

APPROVED AS TO FORM:

RAYMOND G. FORTNER, JR.  
County Counsel

By \_\_\_\_\_  
Deputy

PALMDALE HILLS PROPERTY, LLC  
A California Limited Liability Company

By \_\_\_\_\_  
Frank Faye  
Its Regional President

APPROVED AS TO FORM:

WESTON BENSHOOF ROCHEFORT  
RUBALCAVA & MacCUISH LLP

By \_\_\_\_\_  
Edward J. Casey

# EXHIBIT 3



1 MORGAN, LEWIS & BOCKIUS LLP  
2 RICHARD W. ESTERKIN  
3 300 South Grand Avenue  
4 Twenty-Second Floor  
5 Los Angeles, CA 90071-3132  
6 Tel: 213.612.2500  
7 Fax: 213.612.2501

8 Attorneys for Defendants SCC Acquisitions, LLC  
9 and Palmdale Hills Property, LLC  
10

11 UNITED STATES BANKRUPTCY COURT  
12 CENTRAL DISTRICT OF CALIFORNIA  
13 SAN FERNANDO VALLEY DIVISION

14 In re  
15 RITTER RANCH DEVELOPMENT,  
16 L.L.C., a Delaware Limited Liability  
17 Company,  
18 Debtor,

Case No. SV 98-25043 GM

Chapter Number: 11

**STIPULATION TO ORDER ASSUMING  
AND ASSIGNING WATER SYSTEM  
AGREEMENT**

[No Hearing Required]

16 This stipulation is entered into as of July \_\_, 2006 by and between Robbin L. Itkin, solely  
17 in her capacity as chapter 11 trustee, (the "Trustee") Palmdale Hills Property, LLC ("Palmdale")  
18 and Los Angeles County Waterworks District No. 40, Antelope Valley (the "District") with  
19 reference to the following facts:

20 RECITALS

21 A. In or about March 1992, Ritter Park Associates and Los Angeles County  
22 Waterworks District No. 34, Desert View Highlands ("District 34") entered into a Water System  
23 Agreement. (the "Water System Agreement"). The District is the successor in interest to District  
24 34 under the Water System Agreement. The Trustee contends that Ritter Ranch Development,  
25 L.L.C. (the "Debtor") is the successor in interest to Ritter Park Associates under the Water  
26 System Agreement.  
27  
28

1           B.     On or about October 18, 1998, the Debtor filed a voluntary petition under chapter  
2 11 of the United States Bankruptcy Code, thereby commencing this bankruptcy case. The  
3 Trustee is the duly appointed and acting trustee herein.

4           C.     On or about August 19, 2004, this Court entered an amended order authorizing the  
5 Trustee to sell to SCC Acquisitions, LLC ("SCC") certain real property owned by the Debtor,  
6 together with all of the entitlements relating to that property, including without limitation the  
7 Debtor's rights, if any, under the Water System Agreement (collectively, the "Property").  
8 Thereafter, SCC nominated Palmdale to take title to the Property and, on or about September 3,  
9 2004, Palmdale closed its acquisition of the Property.

10          D.     On June 24, 2005, the District filed an adversary proceeding herein, Adv. No. 05-  
11 01396, in which the District sought, among other relief, a declaration as to the status of the Water  
12 System Agreement and as to whether or not the Trustee could assume the Water System  
13 Agreement and assign the Debtor's rights under the Water System Agreement to Palmdale (the  
14 "Adversary Proceeding").

15          E.     Each of the District, Palmdale and SCC have agreed to settle the issues raised by  
16 the Adversary Proceeding pursuant to the terms and conditions of a Settlement Agreement that is  
17 being executed concurrently with this Stipulation. Pursuant to the terms of that Settlement  
18 Agreement, the parties hereto desire to stipulate to the entry of an order providing for the  
19 assumption and assignment of the Water System Agreement in the form attached hereto as  
20 Exhibit 1.

21                It is therefore stipulated that the Court may enter an Order Assuming and Assigning Water  
22 System Agreement in the form attached hereto as Exhibit 1.  
23  
24  
25  
26  
27  
28

1 Dated: \_\_\_\_\_

STEPHAN, ORINGHER, RICHMAN,  
THRODORA & MILLER, P.C.

2  
3  
4 By \_\_\_\_\_

Barry S. Glaser  
Attorneys for Los Angeles County  
Waterworks District No. 40, Antelope  
Valley

5  
6 Dated: \_\_\_\_\_

MORGAN, LEWIS & BOCKIUS LLP  
RICHARD W. ESTERKIN

7  
8  
9  
10 By \_\_\_\_\_

Richard W. Esterkin  
Attorneys for Real Parties in Interest, SCC  
Acquisitions, LLC and Palmdale Hills  
Property, LLC

11  
12 Dated: \_\_\_\_\_

KIRKLAND & ELLIS LLP

13  
14  
15 By \_\_\_\_\_

Richard S. Berger,  
Attorneys for Robbin L. Itkin, chapter 11  
trustee

1 MORGAN, LEWIS & BOCKIUS LLP  
2 RICHARD W. ESTERKIN  
3 300 South Grand Avenue  
4 Twenty-Second Floor  
5 Los Angeles, CA 90071-3132  
6 Tel: 213.612.2500  
7 Fax: 213.612.2501

8 Attorneys for Defendants SCC Acquisitions, LLC  
9 and Palmdale Hills Property, LLC  
10

11 UNITED STATES BANKRUPTCY COURT  
12 CENTRAL DISTRICT OF CALIFORNIA  
13 SAN FERNANDO VALLEY DIVISION  
14

15 In re

16 RITTER RANCH DEVELOPMENT,  
17 L.L.C., a Delaware Limited Liability  
18 Company,

19 Debtor,  
20

Case No. SV 98-25043 GM

Chapter Number: 11

**ORDER ASSUMING AND ASSIGNING  
WATER SYSTEM AGREEMENT**

[No Hearing Required]

21 The parties hereto having stipulated thereto, and good cause appearing therefore, it is  
22 hereby ordered, adjudged and decreed that:

23 1. That certain Water System Agreement between Los Angeles County Waterworks  
24 District No. 34, Desert View Highlands and Ritter Park Associates, a California Limited  
25 Partnership, dated March \_\_, 1992, a copy of which is attached hereto as Exhibit 1, (the "Water  
26 System Agreement") is hereby determined to be in full force and effect and, subject to the  
27 remaining terms of this order, is an asset of this bankruptcy estate.

28 2. The Trustee herein is hereby authorized to assume, and is deemed to have  
assumed, the Water System Agreement.

3. The Trustee herein is hereby authorized to assign, and is deemed to have assigned,  
the Water System Agreement to Palmdale Hills Property, LLC ("Palmdale Hills"), subject to the  
terms of the Amended and Restated Water System Agreement, a copy of which is attached hereto

1 as Exhibit 2 (the "Amended Water System Agreement"). From and after the date of this order,  
2 Palmdale Hills shall have all of the rights of the "Builder" under the Amended Water System  
3 Agreement, and shall be obligated to perform all of the obligations of the "Builder" under the  
4 Amended Water System Agreement.

5 DATED \_\_\_\_\_

GERALDINE MUND  
United States Bankruptcy Judge

7 APPROVED AS TO FORM

8 Dated: \_\_\_\_\_

STEPHAN, ORINGHER, RICHMAN,  
THRODORA & MILLER, P.C.

11 By \_\_\_\_\_

Barry S. Glaser  
Attorneys for Los Angeles County  
Waterworks District No. 40, Antelope  
Valley

14 Dated: \_\_\_\_\_

MORGAN, LEWIS & BOCKIUS LLP  
RICHARD W. ESTERKIN

17 By \_\_\_\_\_

Richard W. Esterkin  
Attorneys for Real Parties in Interest, SCC  
Acquisitions, LLC and Palmdale Hills  
Property, LLC

20 Dated: \_\_\_\_\_

KIRKLAND & ELLIS LLP

22 By \_\_\_\_\_

Richard S. Berger,  
Attorneys for Robbin L. Itkin, chapter 11  
trustee

# EXHIBIT 4

**ADDENDUM FOR THE 2006 AMENDED AND RESTATED WATER SYSTEM AGREEMENT BETWEEN LOS ANGELES COUNTY WATERWORKS DISTRICT NO. 40, ANTELOPE VALLEY, AND PALMDALE HILLS PROPERTY, LLC, FOR WATER SERVICE TO RITTER RANCH.**

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**A. PROJECT INFORMATION**

- 1. Project Title:** 2006 Amended and Restated Water System Agreement Between Los Angeles County Waterworks District No. 40, Antelope Valley, and Palmdale Hills Property, LLC, for Water Service to Ritter Ranch.
- 2. Lead Agency:** Los Angeles County Waterworks District No. 40  
900 S. Fremont Avenue  
Alhambra, CA 91803-1331
- 3. Contact Persons:** Manuel del Real  
Assistant Deputy Director  
(626) 300-3300
- 4. Project Location:** Various Locations  
Palmdale, CA 93550
- 5. Project Sponsor:** Palmdale Hills Property, LLC/SunCal Companies  
Attn: Frank Fey  
21900 Burbank Blvd., Suite 114  
Woodland Hills, CA 91367
- 6. Introduction/Description of Project:**

Ritter Ranch is a residential and commercial development within the City of Palmdale ("Development"). The Los Angeles County Waterworks District No. 40, Antelope Valley ("District"), anticipates serving water to the Development. In 1992, the City of Palmdale certified the Final Environmental Impact Report ("EIR") for the Ritter Ranch Specific Plan (see Exhibit "E"). The 1992 EIR analysis included the impacts of the construction and the operation of the on-site water system facilities (sometimes referred to as "in-tract" facilities). A month later, the County of Los Angeles adopted a mitigated negative declaration ("MND") for various onsite and offsite water system facilities (see Exhibit "F"). Details regarding the water system facilities are in a water system agreement executed by the Los Angeles County Waterworks

District No. 34 (Desert View Highlands) and Ritter Park Associates ("1992 Water System Agreement"). District No. 34 was consolidated into the District in 1993.

The District proposes to enter into an Amendment and Restated Water System Agreement Between Los Angeles County Waterworks District No. 40, Antelope Valley, and Palmdale Hills Property, LLC for Water Service to Ritter Ranch ("Project") that amends the 1992 Water System Agreement (the content of both the Project and the 1992 Water System Agreement are herein included by reference). This addendum considers the environmental impacts of the Project pursuant to State CEQA Guidelines sections 15162 and 15164.

**7. Prior Environmental Review Pursuant to the California Environmental Quality Act**

**a. 1992 Mitigated Negative Declaration**

In 1992 the Board of Supervisors adopted the 1992 MND for certain water system facilities to serve water to the Development. Those facilities included the construction of three 2,000 gallon per minute ("gpm") wells, a chlorination station, a 2.4 million gallon forebay, an Antelope Valley-East Kern Water Agency ("AVEK") turnout and a number of pumping stations and transmission mains.

The 1992 MND reported that the transmission mains would be installed below ground and within public road rights of way or utility easements. All construction within road rights of way would comply with Department of Public Works Road Standards. The forebay and well sites would be enclosed by block walls and landscaped with trees and shrubs to mitigate any noise and visual or aesthetic effects. To further eliminate noise from electric motors, all booster pumps would be housed in concrete block structures. The 2.4 million gallon forebay would be partially buried to reduce its height. All facilities in the 1992 MND would benefit the District in that they would provide an emergency water supply to the Development when an interruption of State Project Water occurs and would also provide additional water supply capacity to the West Lancaster area during periods of peak consumption demand.

**b. 1992 Final Environmental Impact Report**

The 1992 EIR analyzed the environmental impacts of the water system facilities for the Development. The Development, as described by the 1992 EIR, consisted of the 10,625-acre Ritter Ranch Specific Plan and approximately 449 acres proposed for annexation by Palmdale. The 1992 EIR described the location of the Development as being in the southwest foothills of the Antelope Valley, bound by Ritter Ridge on the north, on the east by the extension of 35th Street West, on the south by the Sierra Pelona Ridge, and on the west by the Angeles National Forest and the community of Leona Valley.

The Development would contain 7,601 acres designated as open space area, with the remaining 3,024 acres planned for development in the northern, eastern, and central lower portions of the property. The Development planned for construction in four phases over an estimated 20-year period that included 7,200 residential units, 692,125 square feet of commercial space, 121.6 acres of community and neighborhood parks, an 18-hole golf course, seven schools,



and roadways. The Ritter Ranch Specific Plan provided project-wide land use, landscape, circulation and infrastructure plans as well as design regulations and guidelines.

## **8. Minor Changes To The Development and the 1992 Water System Agreement**

The Project will amend the 1992 Water System Agreement. The Project has minor technical changes or additions and therefore an addendum is appropriate pursuant to State CEQA Guidelines sections 15162 and 15164. The primary changes to the 1992 Water System Agreement are as follows:

### **a. Off-site and On-site Water System Requirements**

The Project will require an increase from three 2,000 gpm groundwater wells to fourteen 800 gpm groundwater wells. Smaller producing wells are proposed because they must be drilled shallower than those contemplated in 1992 due to high arsenic levels in the deeper aquifer. The well field would be sited at the same location as contemplated in the 1992 EIR and consequently, will have similar visual and aesthetic impacts.

A utility site consisting of an AVEK turnout and pump station will be moved from the intersection of Avenue O-8 and 25th Street West to near the intersection of Avenue O-14 and 25th Street West, which is approximately ½ mile away from the original site.

AVEK has chosen to convert its treatment process from the use of free chlorine to the use of chloramines. As a part of the well field construction, the Project requires the construction of a groundwater treatment facility. The groundwater treatment facility is to be located near 70th Street West and Avenue G-12 and shall be constructed using chloramine treatment processes.

### **b. "In-Tract" Water System Facilities**

The reservoir storage factor per equivalent dwelling unit has been upsized from 1,250 gallons per day per equivalent dwelling unit ("gpd/edu"), used in 1992, to 1,650 gpd/edu. Consequently, this new storage factor has increased reservoir storage from approximately 14.2 million gallons ("MG"), according to the 1995 Water System Master Plan, to 20.9 MG.

The number of reservoirs will be increased from 8 to 14 within the Development. Constructing two reservoirs in each Service Zone is required so that the District can perform maintenance on one reservoir during the winter, while the other serves the zone. Further, the redundancy of having two tanks within the Service Zone is important to ensuring the reliability of the District's water supply.

## **B. CEQA REQUIREMENTS FOR ADDENDUM USE**

If changes to a project or its circumstances occur or new information becomes available after adoption of an EIR or negative declaration, the lead agency may: (1) prepare a subsequent EIR if State CEQA Guidelines section 15162(a) criteria are met, (2) prepare a subsequent negative declaration, (3) prepare an addendum, or (4) prepare no further documentation. (State CEQA Guidelines § 15162(b).) When only minor technical changes or additions to the EIR or negative declaration are necessary and none of the conditions described in Section 15162 calling

for the preparation of a subsequent EIR or negative declaration have occurred, CEQA allows the lead agency to prepare and adopt an addendum. (State CEQA Guidelines, § 15164(b).)

Under Section 15162, a subsequent EIR or negative declaration is required only when:

- (a) Substantial changes are proposed in the project which will require major revisions of the previous EIR or negative declaration due to the involvement of new significant environmental effects or a substantial increase in the severity of previously identified significant effects;
- (b) Substantial changes occur with respect to the circumstances under which the project is undertaken which will require major revisions of the previous EIR or negative declaration due to the involvement of any new significant environmental effects or a substantial increase in the severity of previously identified significant effects; or
- (c) New information of substantial importance, which was not known and could not have been known with the exercise of reasonable diligence at the time the previous EIR was certified as complete or the negative declaration was adopted, shows any of the following:
  - (i) The project will have one or more significant effects not discussed in the previous negative declaration;
  - (ii) Significant effects previously examined will be substantially more severe than shown in the previous EIR;
  - (iii) Mitigation measures or alternatives previously found not to be feasible would in fact be feasible and would substantially reduce one or more significant effects of the project, but the project proponents decline to adopt the mitigation measure or alternative; or
  - (iv) Mitigation measures or alternatives which are considerably different from those analyzed in the previous EIR would substantially reduce one or more significant effects on the environment, but the project proponents decline to adopt the mitigation measure or alternative.

## C. ANALYSIS

### 1. No “Substantial Changes” Are Proposed Pursuant to State CEQA Guidelines Section 15162(a)(1)

To determine whether an addendum is the appropriate environmental review document, State CEQA Guidelines requires a three-part analysis. The first part is to determine whether the Project contains substantial changes which will require major revisions of the previous EIR or negative declaration due to the involvement of new significant environmental effects or a

substantial increase in the severity of previously identified significant effects. (State CEQA Guidelines, § 15162(a)(1).) The changes between the 1992 Water System Agreement and the Project are not substantial and do not require major revisions to the EIR or MND as explained below.

(a) *Water Supply*

The 1992 MND analyzed three 2,000 gpm groundwater wells while the updated water system provides for fourteen 800 gpm groundwater wells. The larger number of smaller producing wells are proposed because they must be drilled shallower than those contemplated in 1992 due to high arsenic levels in the deeper aquifer.. The change is not substantial for three reasons: (1) the wells will serve only as a backup source of water in the event of an interruption of State Water Project water; (2) the wells are smaller in capacity than previously analyzed wells; and (3) the wells will be sited at the same location as contemplated in the 1992 EIR and consequently, will have similar visual and aesthetic impacts.

The 1992 MND stated the following:

These facilities will benefit Los Angeles County Waterworks Districts Nos. [40] in that they will provide an emergency water supply to the proposed Ritter Ranch development when an interruption of State Project water occurs and will provide additional capacity to the west Lancaster area during periods of peak demand.

(1992 MND, p. 1.) As set forth in the 1992 MND and 1992 EIR, the principal source of water for the Development will continue to be supplied by AVEK from the State Water Project. As also analyzed in the earlier CEQA documents, the Project anticipates that the groundwater wells will provide an emergency water supply to the Development in the event of an interruption of State Water Project water. Additionally, the wells may provide additional water supply capacity to the west Lancaster area during periods of peak consumption demand. Further, because the size of the Development anticipated in 1992 is the same today, actual demand for water supply is expected to be the same. Consequently, there will be no substantial change to the level of water demand.

When the 1992 EIR was prepared, the Development property lay within the sphere of influence of Los Angeles County Waterworks District No. 4 and approximately one mile west of Los Angeles County Waterworks District No. 34. District 4 and 34, along with other regions, were consolidated into District 40 on November 2, 1993. District No. 40 obtained much of its water supply from AVEK. The District also obtained backup water supply from groundwater wells located in the Lancaster Subunit of the Antelope Valley groundwater basin.

Untreated water was available from both an AVEK turnout located east of the property and from groundwater wells located in the Anaverde and Leona Valleys. The water at the turnout was pumped directly from the California Aqueduct. The 1992 EIR reported that the raw water from the Aqueduct would be used for construction watering and landscape irrigation within the Ritter Ranch Specific Plan area.

The 1992 EIR indicated that the water supply proposed for the Development would originate from several sources. The potable water supply would be acquired from the District, with the District obtaining its water supply from AVEK. The Quartz Hill Water Treatment Plant would treat AVEK water, which would be conveyed through the South Feeder transmission mains, and would then be delivered through three separate turnouts. If the AVEK water supply was interrupted, the District would maintain continuity of supply by using groundwater pumped from the Lancaster Subunit of the Antelope Valley groundwater basin.

The 1992 EIR concluded that the Development would use a significant amount of water (over 7,000 acre-feet per year) requiring significant onsite and offsite water facilities. The MND calculated that the Development would use approximately 8,000 to 10,000 acre-feet per year. This estimate of water demand by the Development has not changed. The 1992 EIR has already considered the water system facilities needed to provide an adequate water supply to the Development. For example, the topography and elevation of the Development required additional Service Zones be constructed, in addition to the existing Service Zone. The design planned to locate storage tanks in the higher elevations adjacent to residential areas. The 1992 EIR anticipated that appropriate grading and landscaping would reduce impacts to less than significant levels, with respect to aesthetics and land use compatibility.

The principal source of water supply for the Development would be delivered from AVEK through both the existing South Feeder and the proposed South Feeder Relief. This water would be delivered to the District at a future utility site located at Avenue O-8 (now moved to O-14) and 25th Street West. This water would be conveyed to the Development through a network of existing and proposed facilities.

It was anticipated that if the AVEK supply was interrupted, water would be provided to the Development from new groundwater wells pumping approximately 6,000 gpm from the Lancaster Subunit. The wells would be located west of 60th Street West along Avenue H.

Water would be treated and pumped through existing and proposed District facilities to the AVEK water system. Water would then be pumped into AVEK and conveyed to the utility site and then to the Development.

The Ritter Ranch Specific Plan contained provisions to construct a package water treatment plant on the project site at a later date. The 1992 EIR reported that should a water treatment facility be constructed in the future, reclaimed water could be produced to supplement the supply of raw water for landscape irrigation. A study entitled "Ritter Ranch Sewerage Study", prepared by Brockmeier Engineering, determined that an onsite wastewater treatment facility was feasible after 30 percent build-out of the Development. The construction of this facility in the future would require a conditional use permit and subsequent environmental review.

Accordingly, an analysis of the change from three to fourteen wells demonstrates that the change in impact is not considered substantial because the wells will serve only as a backup source of water in the event of an interruption of State Water Project water; the newer wells are smaller than the previously analyzed wells; and the well field would be sited at the same location

as contemplated in the 1992 EIR and consequently, will have similar visual and aesthetic impacts.

(b) *Reservoirs*

In the 1992 EIR, all reservoirs (typically cylindrical concrete or steel structures approximately 24 to 32 feet in height) were sized using 1,250 gpd/edu and all demand and pump station calculations were sized using 1,670 gpd/edu. The reservoir storage factor per equivalent dwelling unit has been upsized from 1,250 gpd/edu, used in the 1992 EIR, to 1,650 gpd/edu. Consequently, this new storage factor has increased reservoir storage from approximately 14.2 MG to 20.9 MG. The 1992 EIR stated there would be 13.0 MG of total storage.

The water generation/demand and pump station requirements (both number and sizing) were originally based on a demand factor of 1,670 gpd/edu (1.159722 gpm/edu). The overall capacity does not have to be increased from the original size proposed in 1992. In the 1992 EIR, only one reservoir was planned for each zone. A District requirement states that there must be a minimum of two reservoirs in each zone of service. The original reservoir count in the 1992 EIR was stated to be 8 total reservoirs. The new reservoir count shall be 14 total reservoirs within the Development. Constructing two reservoirs in each Service Zone is required so that the District can perform maintenance on one reservoir during the winter, while the other serves the zone. Further, the redundancy of having two tanks within the Service Zone is important to ensuring the reliability of the District's water supply. These reservoirs are still slated to be built and grouped at the same location as stated in the 1992 EIR. Consequently, the impact to the environment from these additions to the Project is not expected to be significant.

(c) *Other Revisions To Facilities*

The 1992 EIR states that the facilities will include a utility site at the intersection of Avenue O-8 and 25th Street West. The utility site will consist of an AVEK turnout and pump station. The utility site has been relocated and is proposed to be near the intersection of Avenue O-14 and 25th Street West, which is approximately ½ mile away from the original site. No change in impact is anticipated.

AVEK has chosen to convert their treatment process from the use of free chlorine to the use of chloramines. As a part of the well field construction, the developer will construct a groundwater treatment facility. The proposed groundwater treatment facility is to be located near 70th Street West and Avenue G-12 and shall be constructed using chloramine treatment processes. This conversion does not change the overall footprint of the proposed structure. The rest of the changes are considered to be minimal, causing little to no change in impact to the environment.

(d) *Mains, Pumping Stations, Reducing Stations and Pressure Zones*

The 1992 EIR anticipated water mains, pumping stations, reducing stations and pressure zones for the Development. The Project adds further clarification to the exact extent of the facilities required to service the Development. However, the size of the Development has not changed. Accordingly, no change to impacts is anticipated.

**2. No “New Circumstances” Are Present Pursuant To State CEQA Guidelines Section 15162(a)(2)**

The second part of the analysis is to determine whether substantial changes have occurred with respect to the circumstances under which the Project is undertaken which will require major revisions of the previous EIR or negative declaration due to the involvement of new significant environmental effects or a substantial increase in the severity of previously identified significant effects. (State CEQA Guidelines, § 15162(a)(2).) An analysis of the changes indicates that there are no new circumstances that will require major revisions to the EIR or the MND.

The Antelope Valley Groundwater Basin does not have adjudicated groundwater rights. Accordingly, there is no evidence that a substantial change with respect to the circumstances under which the Project is being undertaken will require major revisions of the 1992 EIR or 1992 MND.

**3. No “New Information” Is Present Pursuant To State CEQA Guidelines Section 15162(a)(3)**

The third part of the analysis is to determine whether new information of substantial importance, which was not known and could not have been known with the exercise of reasonable diligence at the time the EIR or negative declaration was adopted, would require certain major revisions to the previous CEQA document. (State CEQA Guidelines, § 15162(a)(3).) An analysis of the changes indicates that there is no new information that will require major revisions to the EIR or the MND.

Although the Project includes minor additional facilities, the scope of the Development has not changed. Thus, the Project merely clarifies information that was previously contemplated in the 1992 EIR and 1992 MND. Accordingly, the impact to the environment will be less than significant. Therefore, the Project does not include any significant new information that would require the preparation of a supplemental EIR or mitigated negative declaration.

**D. CONCLUSION**

The 2006 Amended and Restated Water System Agreement Between Los Angeles County Waterworks District No. 40, Antelope Valley, and Palmdale Hills Property, LLC, for Water Service to Ritter Ranch will not result in any substantial changes to the 1992 Water System Agreement that would implicate new significant environmental effects or a substantial increase in the severity of previously identified significant effects. There has not been any substantial change in circumstances or discovery of any substantial new information regarding the Project’s environmental effects or mitigation measures. Accordingly, the Board of Supervisors finds, based upon substantial evidence, that this addendum is appropriate under State CEQA Guidelines sections 15162 and 15164.